CHM Computer History Museum

Oral History of Eric Dunn

Interviewed by:
Marguerite Gong Hancock

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Hancock: Welcome to the Computer History Museum, Eric Dunn. We're delighted to have you here. Today is July 24th, 2019, and I'm Marguerite Gong Hancock from the Exponential Center. We're thrilled to add your story and record to our collection. Thank you for being with us.

Dunn: Happy to be here.

Hancock: I'd like to begin at the beginning, since this is an oral history, and ask about your early life, your family, or other influences that shaped who you are.

Dunn: Sure. I was born in Atlanta, Georgia, though I grew up mostly in New Jersey and California. My father was a physician, though he never practiced. He was a research scientist. He did epidemiology focusing on tropical medicine and later got a degree in anthropology. So, because of his work, we moved first to Mill Valley, California where he worked at the University of California. Then later, we had two stints abroad in Kuala Lumpur, Malaysia, where I went to school for kindergarten and 5th grade. And my parents were divorced in 1968, so we returned to my mother's hometown, Princeton, New Jersey. Many of my growing up years were in Princeton, New Jersey, from 1968 until I went to boarding school in 1973. But we had stints in California, Kuala Lumpur, and actually six months in the U.K., and at Princeton while I was growing up. So I would say the early childhood memory is almost never being in the same school twice in a row and feeling a little bit insecure because of that. Then things settled down by the time I was an early teenager.

Hancock: Did you have any particular passions or interests that started at a young age that have carried through? Or has it been an evolution?

Dunn: I would say I was sort of mechanically inclined. I liked electrical toys and toy steam engines and stuff like that, typical engineering-oriented things. My father was a scientist and his father also had been a physician. So there was kind of a science streak in the family. I think I always expected to have some kind of technical, what we would today call "STEM," element in my life. And that was accurate.

Hancock: So, you went to Princeton Day School in New Jersey, is that right? And then went to Phillips Exeter?

Dunn: Yeah. I was in Princeton Day School-- again, there are two stints. We were the first class of 3rd graders in 1965 when the school first opened. Then I came back in 6th grade, stayed there through 10th grade. I went to Exeter, where my father had actually gone to school as well, for my 11th and 12th grade years, really a coincidence. Some of my Princeton Day School friends decided to go to Exeter, and I kind of followed them there. And I would say Exeter was really a centerpiece of my education. I think I'd been a good student at Princeton Day School. I got a little bit of a comeuppance at Exeter, which was then, and now I think still is, quite academically rigorous. I had a little bit of a reset, had to work harder, and that was good for me. So it's kind of a coincidence that I went there, but I think in hindsight, it was quite healthy for me.

Hancock: Any particular teacher or experience that you think wow, this was really kind of a galvanizing moment for you?

Dunn: I had the English teacher when I first arrived, Mr. Ploegstra, who explained to me that I was actually not very good at writing. I think I got like a D+/C- on a paper, which was by far the worst grade I'd ever gotten. And that was my call to action when I realized, "I'm not going to be able to cruise. I'm going to have to work a little bit harder." So that was memorable. Then I had a series of very good math teachers. I think I'd done calculus at Princeton Day School in 10th grade. There were two years of post-calculus math at Exeter. And so, I think I was lucky to have a school that could keep providing challenging material. Differential equations, real analysis, those are the ones I remember. That was pretty heady stuff for a 17-year-old.

Hancock: Absolutely, very early for you to be doing that. In terms of hands-on experiences with technology as it was evolving, do you remember your first experiences--?

Dunn: So, computers obviously have been a huge part of my life, including essential to the Intuit story. We had a PDP-8 computer at Princeton Day School that you could program in BASIC or in assembly language. I don't think I really did much in assembly language. So, Teletype, paper tape, very primitive by today's standards. It was sort of a hands-on device that you could hit stop on the console and single-step through instructions and hardware. But I wasn't hardcore. There were people who spent ten hours or twelve or twenty hours a week with the school computer. This was in 1972, 1973. I was more on the periphery, but I'd gotten interested. Exeter didn't really teach me much. I didn't really pay much attention to computers. They had an HP that did BASIC programming-- you could run BASIC on it, but that wasn't interesting. So I didn't really pick up my interest in computer science until later when I was in college.

Hancock: Great. Let's take you there, then. When you were looking at the array of options, how did you decide where you ended up, at Harvard?

Dunn: So, such a simpler time. I wouldn't quite say you signed up for Harvard, but it was almost like that. My father had gone to Harvard. I went to Exeter and out of my graduating class of 250 people, or maybe 275, 40 of us went to Harvard. I think we had a theory that Harvard had gotten kind of tired of student radicals in the late '60s and early '70s disrupting life. And they said, "Let's get a bunch of nerdy preppies for a few years and get back on the straight and level." I don't know whether that was fact or fiction, but there's probably some dynamic like that that was helpful to me. So it was a quite a straightforward process in those days. And then of course, I was a strong student. I graduated 5th in my class at Exeter. After my early comeuppance, I was a successful student there, and that obviously helped me get into college.

Hancock: You mentioned the tumultuous time that was happening culturally and socially. Was that a part of the influence for you? Or were you more focused on your studies?

Dunn: I would say I was more aware-- Exeter was a small town. When I was at Princeton Day School, of course, we shared a town with Princeton University. And so in the '70s when I was in high school, there

were student protests. There was something called the Institute for Defense Analysis, which did government-sponsored research. And students got worked up about that. So that was kind of on the periphery of my consciousness. I didn't go to any events myself, but we did have a sit-in day at Princeton Day School when the Cambodian invasion occurred during the Vietnam War. And that was deeply upsetting to people who were already opposed to the war in Vietnam. There was a mini student strike and, you know, sympathetic teachers. We spent half a day sitting in circles in the halls rather than the classroom, then life went back to normal. So it was on the periphery of my consciousness. By the time I got to Harvard in 1975, there was a strong collective recollection of student activism. But it had faded away, I would say, and people were getting down to business a little bit more.

Hancock: So you started, I understand, as a physics major.

Dunn: Yeah, I studied physics. And I graduated summa cum laude, thank you, in physics from Harvard after four years.

Hancock: You mentioned that this is really the time that your focus on programming became central to you.

Dunn: How did that happen? Yeah, I would say I had a couple of summer jobs where I did Fortran programming. And Fortran programming was sort of the technology of choice for scientists and economists in the '70s, when I was in college. It's a kind of clumsy old compiled language. But I picked it up pretty readily, and I was fairly good at that. I think during my senior year, I had a part-time job for an environmental consulting firm called Erco (Energy Resource Corp.) on Fresh Pond Parkway basically doing Fortran programming for them. So it was something I found that I could do.

And then probably the real spark to my interest came when I took a course at Harvard called Applied Math 110, which was a very rigorous computer science course focusing on assembly language programming for the PDP-11 computer. But they taught us what were then other modern languages, a little bit of C, LISP, Forth, I don't know, some oddities like that. Mainly, you just spent a lot of time coding. That was deeply engaging. So I did the physics curriculum, but I'd have to say I could tell by a year or two in that being an academic scientist is not my life voyage. It was kind of welcome to find something that I was a lot more excited about.

In the spring of my senior year, I did an independent study just to have a way to continue to work on computer programming projects. And I had a friend who had the idea for building a digital music synthesizer, which is a device today that is a small piece of software on your Apple watch or something. But at that time, it was a mini-refrigerator-sized hardware box, laboriously put together with a soldering iron and wire wrap tools. He got a friend to do the hardware design. We did a couple of components of the software. And so we, at great effort and no commercial value, built a device where you could type in on a keyboard a musical score using an ASCII notation, and then it would play a Bach two part partita or something like that in a mechanical way.

Hancock: That's very early.

Dunn: That was interesting, and it was early. That was 1978, 1979. And within a year or two, that was available very readily on an Apple computer. But there was like a six-month period when we might have been state of the art, I would say. Anyway, that was fun for me. That was very, very interesting. And so by the time I was a senior, I knew this was what was fun for me to do.

Hancock: As you think about your approach to that early project or others, do you see things that were defining for you later as you started to evolve?

Dunn: Are you talking about my interest in coding, or kind of my life?

Hancock: Both coding and the decision you made that this was going to be a core part of your journey.

Dunn: I think one thing that stayed with me for a long time was this concept in coding of getting something in my head, where I would think about it to the point where I couldn't see all the details, but I knew how this should work. You could ask me any question and after a moment's thought, I could say, "Here's what this component, this component, this component will do." So I would say for anything complicated, that was my coding approach is to think about it for a while. That could be while driving the car or running or just sitting in an airplane without even any paper in front of me, and I would just visualize the problem, think it through, and then I'd sort of assemble it in my head. Then it wasn't quite a matter of writing the characters down, but I'd have the outline. I think that went back to writing a BASIC interpreter in MACRO-11 assembly language or the work I did on the music synthesizer, this concept of getting it in my head.

Hancock: That's so interesting to see your approach, so thank you for sharing that. Anything else during your time as an undergraduate that you would like to talk about?

Dunn: Yeah, I was a nerd. I worked hard. I did well, but I worked hard. And I would say the story that I remember with sort of mixed feelings is in February of 1978 probably, all my roommates said, "We're going to Mardi Gras. We're borrowing Stephen's station wagon, and five of us are driving down. You should come with us." I thought, "That would be cool." And then I said, "No, I've got a Physics 164 problem set to do," so <laughs> I stayed in Cambridge on a cold long winter weekend doing my problem set for Physics 164. And they all had a wonderful time driving to Mardi Gras and back. You know, both were good things. My friend whose car it was went on to get a PhD in math and works for NIH, actually, as a distinguished researcher. It wasn't like it ruined his life to goof off for one weekend, but that was an example of the kind of choices that I made.

Hancock: You had a first job out of college and went to IBM as an engineer?

Dunn: I would say going to IBM in 1979 was a little bit like going to maybe Oracle or Microsoft today, kind of halfway between, and a little unusual for a graduating physics student. All of my other classmates in the physics department went on to academic programs. I'd actually planned to go to a master's program at Cambridge University in computer science, which would have made a lot of sense. I applied, and of course you did it by air mail and so on. And I got a letter back saying, "We don't have the letter of

recommendation from your teaching fellow in AM 110," who would have given me a great recommendation. You couldn't email. You had to knock on his door, find him, ask, "Can you send a letter?" He said, "Oh, yeah. I'll do it." So I thought okay, taken care of. And then two weeks later, I get another air mail letter back from Cambridge saying, "We don't have this letter." I went back and talked to him. "Oh, yeah. I'll do it." And then six weeks later, "Sorry, too much time has lapsed. You can't do--" So, very frustrating and so easily solved today. But at that time, logistics and paperwork were important.

So just by total coincidence, I didn't enter an academic career in computer science, which I think is probably where I would have gone. I applied to Yale Law School. I think I got in off the waiting list in the spring of my year. That was what my friends were doing. I could have gone to law school. I had a couple of job offers from oil companies based on some of the work I'd actually done in the consulting firm. And then IBM was kind of mainstream. It was in computer science and that was the thing I was interested in, so I chose that. But I would say that was kind of an unadventurous choice for anyone in 1979.

It was an interesting job for me at IBM. The programming language was APL, which was a sophisticated interpreted language with a funky character set. It was like writing hieroglyphics. And so it was an oddity and didn't lead anywhere, but it was kind of fun. It was an interesting job, but I didn't really love being in a large company. It was good to be exposed to a large company early on and understand what was good and what was bad about it. But I applied to business school after two years there, in a sense because I think I used the expression, "I wanted to throw my cards in the air." I didn't love the trajectory I was on and I wanted to do something different.

Hancock: So, talk about business school and your time there at HBS.

Dunn: I think I owe HBS a debt of gratitude because even though it was an academic institution on the East Coast, somehow it exposed me to the idea that something cool was happening in Silicon Valley. I had a section mate, Vivek Ranadivé, who started TIBCO. He spent the year before he came to business school working at one of the earliest companies that was using the brand-new low-cost disk drives to put together a UNIX-based workstation for ten thousand dollars when everything else was fifty to a hundred thousand dollars. And that was just in the era of an Apple computer. A hard-disk-based UNIX computer for ten thousand dollars was like a Tesla Model S in 2012. It was clearly the future.

And so there's some sense, "Wow, something cool is happening in Silicon Valley." Then we had a couple of professors who, I think, were probably subtly trying to encourage students to think about technology careers. The one who was most memorable for me is a man named Michael Spence, who I think later ended up at Stanford. He taught a course called something like Starting New Ventures, which was Harvard case studies on small companies and dealing with partners, getting funding, getting acquired, just all the kind of blocking and tackling. The excitement even came through these dry case studies of operating a small business. So, I would say the seed was planted in my mind that there was a more interesting life than at IBM through some of these inklings from Silicon Valley and also this course.

I had another classmate who worked for a daisy wheel printer company. A daisy wheel printer was fancy technology in 1981 when I was at business school. So despite those leanings, I did a pretty mainstream

thing at Harvard Business School: I took a summer internship at Bain & Company. And then I signed on full time at Bain & Company as a consultant. It could easily have happened that I would have just gone into a consulting career maybe for a long time at Bain.

But another thing that happened while I was at business school was I got back together with my current wife, my current and only wife, Susan, who was a classmate of mine at Harvard College. And she was doing a graduate degree when I was in business school. So we got engaged and got married actually on the day I should have gone to my HBS graduation. She had decided to go to Stanford Law School. So she said, "Guess what? We're moving to California this fall." I said, "Okay, but let me check with Bain." And then with a certain amount of moaning and groaning, they agreed to put me in their then Menlo Park-based office, their Bay Area office in 1983. After taking the summer off, that's how the two of us landed in Silicon Valley in October 1983. Honestly, a great time to show up with an interest and an aptitude for computers, early in life and flexible and able to take risks. So there was a very fortuitous set of circumstances that delivered me there.

Hancock: So you threw up the cards, as you said. You reinvented in several ways and had this weaving together of your technical interests and the beginnings of entrepreneurship that led you to the Valley. When you arrived that year, that fall--

Dunn: What was here?

Hancock: What were you most interested in? Right, this was this incredible golden age that was just beginning in the '80s.

Dunn: So, I had purchased and put together a Heathkit computer, which was basically a PDP-11 computer on a chip, an LSI-11. I would say in 1980, it was state of the art. By '81, it was starting to be overtaken. The IBM PC was coming out. But certainly, when I was in business school, I was probably one of two to three people in the whole class of '83 who had their own personal computer. And so I could word process, and I had a daisy wheel printer. I could do our second-year project on the computer rather than actually having to manually type it. So, I lost the thread here a little bit. Can you re-ask your question?

Hancock: Sure. So, I was asking when you arrived that fall--

Dunn: What was the scene, right.

Hancock: What was the scene in the Valley and what was most appealing? Who were you talking with? What projects were you interested in?

Dunn: So, what was going on in the Valley and what I did. What was going on in the Valley was the IBM PC had arrived. And so, the personal computer revolution was just starting. At the same time, Sun Microsystems-- I think they were up on San Antonio Road, and they were bursting onto the scene as a hot company with a low-cost UNIX workstation, sort of an evolutionary successor to the one Vivek's company had worked on earlier. And HP was important. Apple was a very successful company. There

were a handful of software companies around. Software Publishing, actually, I think was just getting started at that time. Let me actually go back, and if you don't mind, tell my favorite story about Harvard Business School.

Hancock: Please, we can't miss that.

Dunn: And the software business. So one of the things Harvard did, which I'm sure all business schools do, is bring executives and entrepreneurs from various industries into the school to talk to students. At that time, the personal computer industry was just getting going. And they invited the founder of one of the most successful personal computer software companies at the time, Dan Fylstra, who co-created VisiCalc with Dan Bricklin, to speak to an audience of Harvard Business School students. By this time, I think VisiCalc had skyrocketed from zero to maybe ten or fifteen million dollars in revenue. They were the best-known brand in personal computer software at the time, probably the fall of '82 or early '83.

Dan looked at this audience of Harvard Business School students and said, "You know, I feel sorry for you guys. When I got into the business, it was still an open playing field and a company like mine could get started. But these days, if I were you, I just wouldn't go into this business. It's the big players like us with the million-dollar advertising budgets who are going to dominate this field. You know, a year ago, it probably would have been a great time to get into the computer software business. But now, I'm sorry, I just have to tell you it's too late. The field has solidified." And I don't think I knew at that time, but Mike Spence was a beta tester for Lotus 1-2-3, which was going to completely obliterate VisiCalc within the next twelve months. So I don't know whether Dan Fylstra truly believed that, or whether he was just trying to keep the ambitious Harvard Business School students on the East Coast where he was safer to have them. It didn't work on me.

Hancock: I was going to say, you clearly didn't believe him.

Dunn: No, I don't think I believed him. And particularly later, when it became obvious that other companies were getting established and had shown good success. I would say within a year, that was sort of a meme rather than a point that I took seriously. So, the personal computer industry was coming together as I moved to Silicon Valley. The IBM PC was out. *PC Magazine* was hundreds of pages thick. And there was a lot of energy and excitement about what could be done with microprocessors in personal computing devices. So it was a fun time.

Hancock: Those are incredibly dynamic days. And you were interacting with people who would then go on and build other companies too. Do you want to talk about some of the people you started--?

Dunn: So, let me tell you-- I've been leading into the Intuit story, sort of how I met Scott, who was also a Bain alumnus. We actually never worked together at Bain at the same time. He had left to start Intuit by the time I joined Bain in the fall of 1983. But we had some acquaintances in common. I think Dick Boyce probably is the person who introduced me to Scott. So if I could do a slight digression. At Bain, I worked for a number of clients. But the most interesting by far was a company called Western Digital that made first calculator chips, then floppy disk controller chips, then hard disk controller chips and then hard disk

controllers. And then later went on to become actually one of, I think, the two surviving companies that makes storage, including solid state storage, today. So actually a remarkably successful company, and you wouldn't necessarily have picked them out of the pack in 1983.

But they were my tech client based in Orange County. When I went there, I felt like the world was interesting. They were probably fifty million. They were public I think in those days, went public early. They talked a mile a minute. There was a product plan where they doubled the storage capacity of the drives every nine months, and complex distribution channels, and strategy discussions about chips versus board versus storage. And it was just exciting. Their customers were IBM and Compaq and Apple and Digital Equipment. So you felt like you were plugged into the world of technology when you were in their building on McCabe Way in Orange County. So I got exposed to that and thought, "This is fun. Working for a hospital in the Central Valley, that is not so fun. Working for AC Nielsen, eh, not so fun either." And so, that was, I would say, another component. Meanwhile, I'd bought an IBM PC. I had taught myself the C programming language. I was entertaining myself nights and weekends by coding in C.

Hancock: What kinds of projects were you doing for fun?

Dunn: I wrote a calendar program. So, I think this was sort of a prototype for something like, you might say Microsoft Outlook. Or you might just say the calendar program on your phone. But it was an electronic calendar at a time when people did not have electronic calendars. And I hired a graduate student friend of mine from Harvard who was at Berkeley to write technology to do-- this was called "terminate and stay resident", where you could have two programs running at the same time, which was unusual in those days. And you could hot key to the other program. That was the unique feature, that you could be running Lotus spreadsheet, hit a hot key, and then the calendar was in front of you, and then it would go back. So I paid a thousand dollars to my friend to do that coding, which he thought was kind of fun. And that would have been great.

Then Borland came out with a product called Sidekick, which did kind of the same thing and more in a similar way. And they had a million-dollar advertising budget and a deal with Fry's. So, I kind of said, "Well, it was a good product, but there wasn't necessarily a company." But I still had three or four customers. Guys I met on an airplane paid me seventy-nine bucks for a copy. So, I had kind of the germ of an idea of a software company, and then based on that--

Hancock: What year was that?

Dunn: That would have been '85 maybe. '84, probably '85 mostly. Dick Boyce, who was my manager at Bain, said, "I should introduce you to this guy, Scott Cook, who's doing a software company. I bet you guys would get along." And so, I think the place I actually met him was-- there was a Woodside Patrol cook-out or something. My wife owns horses, so that was fun for her to go to. So, I got there. And Dick Boyce was there. I said, "I'd like to meet Scott." He said, "Okay, let me grab you." He pulled me over and said, "Here he is." And I said, "Wait, that's Scott McNealy. I don't want to meet him." And of course, Scott McNealy was running a fifty, hundred million rocket ship company that was probably the hottest

technology startup in Silicon Valley. At that time, I think Scott would tell you Intuit was at kind of a low ebb. But that was the Scott I wanted to meet because he was doing personal computer software.

And I said, "Here's a floppy disk with my calendar program. Tell me what you think." He wrote me a nice note and said, "Yes, this is a good piece of software, but we're in the personal finance software business. So, it didn't really apply to us." Then he said, "But would you like to be a beta tester?" or something like that. And so, just by degrees, I got to know the company, which at that time was very small.

I think before I joined, it reached a peak of maybe seven employees. When I joined, they had four. It was a tiny company and having a difficult time, I would say. But I think Scott saw that I was really interested in computer software. And I had a somewhat similar background to his, having been at Bain. So he introduced me to his co-founder, Tom. And I said, "You know, I could do some part-time projects for you." So, kind of moonlighting. I wrote a utility to clean up Quicken data files for DOS Quicken 1. It seemed to work. Then we had a bigger idea for-- what was it called? There's a piece of software that would basically merge Quicken data into a Lotus 1-2-3.

Hancock: Is that called Quicken transfer utility?

Dunn: Quicken Transfer Utility. Thank you for reminding me. Yes. So, I think I got 17,500 shares of Intuit stock for that, which is probably, I don't know, tens of millions of dollars <laughs> today if I'd kept it. But they couldn't afford to pay me any cash. And it used the same terminate-and-stay-resident technology I built for the calendar program. It solved a need, which is that Quicken was a simple, effective personal finance product, but it didn't have much reporting. Transfer utility allowed you to move data into a spreadsheet and have more analytical capability. So that was kind of fun and they liked it. I thought, "This is more fun than working at a hospital or an AC Nielson client in Bain." During the spring and summer of 1986 I started talking seriously to Tom and Scott about joining the company. That came together around, I guess, August of 1986 and I started in September of 1986.

One question that was tricky at the time was, "What should my role be?" Obviously, Scott was CEO and Tom was VP of engineering. I had technical skills and I think they wanted me to write code <laughs> and we all knew that. But I'd been to Harvard Business School. So I said, "I need some other title. I'll be your chief financial offer." In the early years that'll be a very simple job, and then over time probably the coding will go down with the CFO job. I remember doing this with my hands-- one goes up, the other goes down. And we said, "Sounds good," and we inked the deal. I mean, to an astonishing degree that's what happened actually. So in my early years, 80 or 90 percent of my time was coding. Then it drifted down and by 1992, I would say I was more or less out of the coding business. So it took six years instead of three years, but I actually did do that evolution of responsibility. I think I was a productive technical contributor to it for quite a few years and then gradually a business contributor, and they dovetailed surprisingly well.

Hancock: So you described that as a rational transition, and yet during that time the company was having challenges as a new startup, like how to get financing?

Dunn: Yes, in 1985 the company was definitely having challenges. So, the original strategy for Quicken software-- do you want to see the orange Quicken box or has Scott brought that for you already?

Hancock: We haven't seen that.

Dunn: And of course, Intuit today is the TurboTax and QuickBooks company. But until about 1992, it was the Quicken company and there was Intuit. I mean, that's what the company was for the first six years that I was there. So this software was sold. Not online. There wasn't such a thing. Not in stores. Not even by mail order. It was sold over the counter at Wells Fargo Banks. That was the first distribution model. It's electronic banking software. No connectivity, but that's what it was. It was $99.95 and I think we sold it to banks for $55 or $60 or something. So what Scott found in 1985 is that because he's such a good salesman, he could sell these refrigerators to Eskimos. He could sell 100 units of Quicken to a bank. But then they couldn't sell through. And so I think he saw the handwriting on the wall and realized that this is not a durable business model.

So as I arrived in 1986, the company had raised a total of approximately $250,000 up to that time. Some of it from Scott's dad. Some of it from Terry Groswith . I think there might have been one other investor. And you've heard Scott's story of how all the VCs said no to him in those days. So there weren't a lot of options for developing an expensive new product line or any kind of product line. We had to make this work. And as I think I mentioned, Borland burst onto the scene in probably early '86 with Sidekick. One of the innovations was with terminate-and-stay-resident software. Although I beat him arguably by a month <laughs> and the other innovation was they sold direct. So, most software at that time was sold through computer stores. Borland took out space advertisements and newspaper advertisements, "Cut out coupons and send in your $49.95," and then they'd mail you the software. We knew that was working. We also saw that when they got success in what we then called the direct channel, it helped them to build retail distribution. So, yes, I think when I arrived Scott and Tom had already studied that carefully and we were preparing to do the same thing with Quicken.

So we did two radical things in my first month there. One is we removed copy protection. You probably know all about copy protection. In those days it was intended to prevent piracy, and it was a major annoyer for consumers because you couldn't duplicate your program disk and floppy disks had limited life. So it was just a pain. One of the things Borland had done is shipped without copy protection as well. So, trusting users rather than handcuffing them. Dan Fylstra was the copy protection guy, by the way, I should say <laughs>. Though Lotus 1-2-3 also used copy protection. It wasn't just him. So we got rid of copy protection and we lowered the price from $100 to $50, and we said we're going to sell it direct. We shelled out, not our last $10,000, but one of our last $10,000 on a *PC Magazine* article with a space ad for Quicken. "End Financial Hassles" might have been the tagline. And it worked. We could make enough money on one ad to pay for the cost of the ad and more, and so we started doing that hand over fist.

Hancock: How did your user base-- do you remember the curve that you were on after that change in your model?

Dunn: Well, let's see. At that time Intuit's fiscal year ended on September 30th. The year I got there, 1986, we did $750,000 revenue. About 40 percent of that time was selling checks and envelopes that went with Quicken. Say we had just under $500,000 of software sales that we were selling at about 50 bucks at the time. So, there would've been about 10,000 units I guess, and maybe half of those units had just gone to banks and were sitting there. But we'd sold 5,000 or 10,000 units of Quicken. The first full year I was there, in 1987, our revenue increased to $2 million. Again, about 40 percent was supplies, 1.2 million was software. We'd reduced the price and we were starting to pick up distribution. So, the average selling price would've been a blend of $25 at retail and $50 direct. Let's call it $35. Maybe 40,000 or 50,000 units. So, we went from 5,000 or 10,000 units to 40,000 or 50,000 units during my first year there. So a very exciting time.

Hancock: Talk about rocket ships.

Dunn: Well, I mean, a little rocket ship. <laughs> Bottle rocket.

Hancock: It was starting. You were a startup.

Dunn: Yes, but obviously it led to greater things. So again, I would say I was fortunate. The company had done a couple of pivots up until that time. I was there at a pivot that worked, I would say. We had an Apple II version of the product as well.

Hancock: Do you want to talk about that?

Dunn: Yes.

Hancock: You and Tom rewrote Quicken for the Apple II version. Is that right?

Dunn: I did relatively little on the Apple II version.

Hancock: Okay. For the ProDOS platform?

Dunn: Yes, ProDOS. You got all our terminology, sure enough. One of the first things that I did was work with Tom on the ProDOS upgrade where Apple-- There hadn't really been an operating system, or there was a very simple operating system, because you booted the computer on your program disk and there was 20K of OS code and then your code ran on it. I'm not even sure what the file system was. But ProDOS was a little bit more of an operating system. That was important because customers were starting to buy five megabyte hard disks and then you had multiple programs that you had to be able to invoke and so on. So we had to take the code, which was written in Pascal, and import it from one development environment, which I don't know, to the ProDOS Pascal environment. I mean, they were not radically different but there were a lot of things that had to be changed. Some of the trickiest stuff was we would do something called formatting a disk so that we readied a data disk from raw media for a customer and that was assembly language 6502 code that you had to call from Pascal and that was tricky. So, I would say, we spent a month or two flat out getting the ProDOS upgrade out for Apple

probably at the end of '86 or early '87. And that was the famous episode where Tom and I, I think, went two and a half days without sleeping. Just because I think we promised our customers, I don't remember what the date was, but we just weren't going to go home until we had it going. The development environment was not speedy, so the build took a long time. But we just gutted it out. So I would say that was the first coding marathon that I remember being involved in.

Hancock: <laughs> How did you survive through those days?

Dunn: Yes. The other development work we were doing was a product we called Tiger which was really the prototype of bank connectivity. The concept was to take a floppy disk with bank statement information and merge it with the customer's Quicken data, and that's what Quicken and QuickBooks and all the mobile apps today do. But of course, there was no internet. Hardly anyone had a modem, so it was floppy disk-based when it was conceived. We had a bank partner who was interested in that. So I would say in the fall of '86 and early '87, what we were working on was the Apple II upgrade, Tiger, getting rid of copy protection.

And then in 1987 Tom and I said, "This product has been around by then two years," which was old in those days for computer software. "We've got to do a new one." I told him that I thought the C language was great and he was kind of a Pascal fan, but we agreed to write a new version of Quicken in C. So in early '87 we set out to do DOS Quicken 2, which was a new generation of this product. We shipped that in September of 1987 after a strenuous, probably, eight-month development project. Tom and I did most of the work. Karl Reese and Eric Shenk were hired during the course of the year and did some of the work on that product. We definitely had some marathon, overnight sessions, particularly in August and September as we were getting ready to release that.

Hancock: Could you tell the story for young programmers who are looking to you as a role model to realize that it didn't come without a lot of hard work? Could you describe some of that? Could you just paint the picture a little bit of this marathon and the intensity at the end to make your deadlines? Any stories or particularly memorable--

Dunn: Yes.

Hancock: What was that like?

Dunn: When we hired Eric and Karl, I think they were both right out of college and eager young programmers. So their first day they showed up at the office and it got to be five o'clock and six o'clock and they said, "Anybody going home? No?" <laughs> Then seven or eight o'clock Tom went out and got some subs or something and nobody goes home. And they're looking at their watch, nine o'clock, ten o'clock, "Anybody going home?" <laughs> Midnight? "No. What have we got ourselves into?" They were there at a very intense time. I think there was probably a couple-week period where every night we were there until 2:00 A.M. in the morning just fixing bugs and coding and getting stuff done. I think we had a whiteboard with a list of issues.

And I think Tom and I shared-- did we share an office? But it was all very compact. I think it was just one room where we were doing this. Intuit, when I joined, had one office in the basement of 540 University Avenue, a building which still stands right across from the Webster/Cowper Garage. It had suite 50, the basement suite, which was about 1,400 square feet. On the strength of our success with this product, we added another 500 square feet upstairs. I guess there were two offices. Tom and I had adjacent offices upstairs. So that was kind of the product development area on the ground floor and we just hung out there all the time. Boy, I'm trying to remember. How did we test the software? So, part of it is Quicken has the virtue of being a product that we could use ourselves. So we used it ourselves. Our favorite beta tester was a guy called David Nanion who was a very good programmer who wrote a text editor called Brief. Those were the days when a text editor was a piece of software you bought and paid for. I can remember getting phone calls from David Nanion and that was always going to be something insightful that he'd say about the product. But it was a matter of, you mailed out floppy disks to beta testers and then you waited for their phone calls. So, not quite the same as what we do today.

Hancock: In this process of delivering product or software and then waiting for it to come back, there were times-- I'd love to hear your take on 1987 when there was a bug in the software.

Dunn: The date bug. My date bug. That's my bug.

Hancock: Date bug "get_cache" error, right?

Dunn: Get underscore cache, was the error message that I wrote that was exposed to customers after Thanksgiving with DOS Quicken 2. So, a momentous event <laughs> in the early history of Intuit. In those days, only a minority of users had a hard disk and they would have one or two floppy drives. If they only had one floppy drive, you needed to alternate having the program and then you'd be prompted to put your data disk in. And then maybe you had to read an overlay and put the program disk in, and you needed to know which disk was which. So, Quicken wrote a timestamp on the data disk so that when it read it, if it didn't see the right timestamp it would know something was wrong. I wrote the code that generated the timestamp. I wrote it poorly in the sense that it was a signed number, and at a certain point that signed number exceeded 32 bits and overflowed to a negative number. And then we were doing a signed comparison to determine if the timestamp was later or earlier than what it should be.

So in the fall of 1987, we'd shipped a lot of Quicken 2s, for us, tens of thousands probably. Because we sold upgrades to our current users and they were happy to buy it. And I remember coming in maybe the Monday after Thanksgiving feeling great. We'd shipped the product. People were buying it. It seemed to be working well. And then Lesley Coe, who was our tech support department at the time, came upstairs and said, "Eric and Tom, there's something going on. Customers are reporting this 'get_cache' error." I said, "What?" They said, "Yes, here's the scenario," and I tried it on my computer and I said, "No, it seems to work fine." Then Tom tried it and said, "Oh, I get this error." And I said, "Oh, look. The date's wrong on my computer." <laughs> So my clock was a day early or something. I set it to the correct date and sure enough, there it was. So basically, the scenario was every customer who kept their data on a floppy disk, which was probably half of them, couldn't record a transaction without getting an error because of this wrap-around problem.

So it didn't take long to find the problem <laughs> but it was not like today where you would push an update through the app store. <laughs> We had to track these customers down. Either we'd sold to them directly and we had their names or we hoped they'd sent in their registration cards, handwritten registration cards if they were retail buyers. We spent about a day making sure we really had a fix, and then we knew we had to get disks out as soon as possible to all our customers. And that meant duplicating disks. We had a relationship with a disk duplicator, but they could only do so many per day. So we decided we'd duplicate disks ourselves in the office using the two floppy drives of our machine. I remember we set up a batch file where you could hit the space bar with your toe as you're switching drives. We were using every machine in the office, 10 or 12 of them, to duplicate disks so we could get this done more quickly. Then Carol Rasmussen printed out the mailing labels and we wrote a letter and went to the copy shop and printed, let's say it was 10,000 copies of the letter and folded them up. And we spent all of Thursday at the conference room table opening disk mailers, folding the letter, putting a disk in, sealing it, putting a stamp on it, slapping a label on it, and just manually doing all of this work. Everybody in the company, there were probably 12 or 14 of us, that's all we did for 36 hours.

Then at about four o'clock on Friday, we realized we were done. We had these giant transparent garbage bags full of disk mailers, fifty-two cents a postage on each one. And <laughs> we had this figured out. There was a post office at San Francisco airport which was open late. So, I grabbed these garbage bags, each one probably had 1,000 disk mailers in it, and I stuffed 10 into my Audi 5000 car. I drove up to the San Francisco airport and then unloaded them on the loading dock. That first most acute part of the crisis came to an end. We still had to replace the stock for our retailers. We had the blue dot so retailers would know that it was the updated version. So I would say it was several weeks before we got through it, but we did get through it.

I think there were some formative things that happened and one is, obviously the company was hugely responsible to this customer problem, and you had to be. I think the other is that Scott really set a high tone at that time. So all he said was, "Are you sure the fix is right?" I said, "I've asked Tom to review it. We think the fix is right." He could've said, "Don't do that again." <laughs> Or he could've said, "You idiot," or anything. But he didn't say any of those things. He said, "Are you sure the fix is right?"

Hancock: Interesting. A defining moment.

Dunn: Yes, sort of a defining moment for the company. And I use that in my own company, I say, "We have an experimentation culture and that means you can make mistakes. That's what it means. But if you make a mistake without learning from it, that's bad." So I think we set that cultural expectation at Intuit at that time, and through other incidents. But certainly, that was part of it. And thank you Scott and Tom <laughs> for standing by me in a difficult time. I mean, it could've brought the company down and it didn't. We went on to sell hundreds of thousands of copies of the DOS Quicken 2 software between September of '89 and I think we phased it out in June or July 1989. So, it was a very successful product, but it definitely had teething problems. And we relived that with the DOS QuickBooks 1.0 in 1992. That was not my code there, but it can happen.

Hancock: <laughs> So, you faced this defining moment. You're growing. The customers and the P.R. that came around that, you survived and went on, as you said.

Dunn: You know, we were small enough. I mean, we'd only shipped 10,000 or so. I think people had heard of us, but we weren't really well known, I would say, until a year or two later. We were an early up and comer. A 15-person company. We weren't that big. Retailers were forgiving. I'm sure Alan Gleicher at SoftKat was part of that. He later came to work at Intuit but he was our champion in one of the important retailers early on. And I guess we might not have been the only software company that had ever had a bug. So maybe that helped as well.

Hancock: <laughs> Certainly not the only one. Should we next turn to the road to the IPO?

Dunn: Sure. So Intuit grew and prospered on the basis of Quicken with the supplies sales for quite a few years. I think I mentioned the year I joined we did $750,000 in revenue. We did 2 million in fiscal '87, we did 6 million in fiscal '88 and we did 18 million in fiscal '89.

Hancock: A steep ramp.

Dunn: I used to tell people, "I have the easiest revenue forecasting job I ever heard of. I just triple what it was a year ago. That's our revenue." People were buying PCs at a rapid rate. We had a useful product that was better than the alternatives. They bought a lot of them and we grew. The successor to DOS Quicken 2, DOS Quicken 3, was a very solid product that was widely used. So we went from one success to another. In the year after, we reached 18 million. There's a little bit of plateauing, I'd say, in the uptake of PCs and so we only grew from 18 to 33 million, less than doubling. And we thought, "Oh, boy. Are we dumb or something? What are we doing wrong? We only grew 85 percent this year." Then the next year we only grew about 40 percent. So I think we had started to realize there were limits to growth.

But at the same time, we'd also understood that there was a very significant opportunity facing Intuit, which was to do a small business version of Quicken. Even back to the very, very earliest days in 1986 with this product, the registration card… Let me see if I actually have one -- had a checkbox for "how do you use Quicken?" Let's see if it actually says, "Do you use it for home or business?" Somebody might have already mailed in the registration card. No, no, here it is.

Hancock: Is it on the back?

Dunn: The card reads, "I use Quicken for home use, business use, both." So early on, Scott was asking the right questions, or Tom or whoever thought this up. And what we found out was that envelope was coming back with the business box checked surprisingly often. The reason, we came to understand, was that there was PC software, like Peachtree, that did accounting for small businesses. But it was written by accountants in many cases and it was hard to use. Quicken was simpler but it was easy to use. So nobody had really squared easy to use with comprehensive business bookkeeping and tracking. By about 1989, I think, or '90, we realized there was an opportunity to pursue.

We hired a guy named Ridge Evers, I think he was a friend of Peter Wendell's, to add a payroll calculator to Quicken. And then that turned out to be a little bit of a damp squib, and repotted that as the QuickBooks effort which I think really kicked off in probably 1990. So forking from the DOS Quicken codebase, the DOS QuickBooks team began work on the first version of QuickBooks in 1990 and ultimately shipped in 1992. So I think that was obviously a hugely important development certainly in hindsight, and even at the time we realized it was important.

Hancock: Did you realize the significance that it might play?

Dunn: I think we realized that this could be big. We had unlimited ambitions for Quicken, but I think we realized that QuickBooks could be big as well. I think the QuickBooks name came from Sam Klepper who was the earliest product manager. He turned down the name SmartBooks in favor of QuickBooks, in part to have more of a family ring to it. Sam deferred going to business school a year in order to be around for the QuickBooks launch and that still wasn't enough. He had <laughs> to go to business school and the product manager who actually presided over the launch was a guy named Jay O'Connor, who was the son of Justice O'Connor, in fact. By a funny coincidence my second year at Intuit my wife did a Supreme Court clerkship for Justice O'Connor. We slightly knew the family in two different ways.

So Jay presided over the launch of QuickBooks 1.0, which in some senses was a huge success. But it was marred by some technical glitches. I would say the file system for QuickBooks borrowed from DOS Quicken and it stressed it much more than I had designed it to accomplish. I don't know whether it had a bad design, or it had a bad adaptation. But basically, there were a lot of problems with data files getting corrupted and not being able to open or not being able to be read.

And so we went through four or five iterations of QuickBooks releases in the space of six months and with an apologetic letter to the customers. At one point we had a team of 20 or 30 people in our customer care location who were trying to use crude tools to recover data. We had a very, very difficult launch. We had actually thought about going public in May of 1992. We'd interviewed bankers. Then just at the time we're starting to think about organizational meetings, we started getting reports from our care organization that all was not well with QuickBooks. So, we said, "Let's get this understood." And by the end of the summer, six releases later -- the release was this many floppy disks in a thick disk mailer. We'd gotten ahead of the problem. That was part of what drove the timing. We could've been a '92 IPO instead of a '93.

A couple of important things were going on in our business and you may have covered these with other people you've interviewed. But the most important thing that happened was the Windows operating system became widely used in about 1991, 1992. We didn't have, initially, a good plan for building a Windows version of Quicken and later for QuickBooks. We hired a contract firm to port DOS Quicken 4 to Windows in late '90, early '91. It became rapidly apparent that they were going to have trouble getting a product out by the fall of '91 as we'd hoped.

And then we'd also found through some insider friends of the company who worked at Microsoft that Microsoft had decided to launch a personal finance product called Microsoft Money in the fall of 1991 on the Windows operating system. We knew they were interested because a Microsoft product manager

came and visited our company in 1990 and said, "We would like to create a product called Microsoft Quicken. You just lend us the code base. Give us your mailing list and license the brand and we'll pay you $7 a unit royalty and you don't have to do any work." <laughs> So it was kind of a brassy move on their part, just saying, "Sign over the future of your company to be a modest royalty stream from Microsoft." Because we had no other business to speak of at the time. We didn't have a Mac product. And Tom scornfully shooed them out of the office and then later notoriously answered a question from an employee, "What are you going to do?" He said, "We will crush them." <laughs> Which is a huge amount of bravado in the fall of 1990. And by January of '91 the bravado was looking a little dangerous, because our contractor was not making good progress.

So in keeping with the theory of ramping down my development, I theoretically retired from doing program work after DOS Quicken 4 shipped in September of 1990, which added an investment tracking capability to Quicken. But I got very worried as did a couple of other engineers. So we just concluded we had to bring this back in-house and I had to lead this myself if we were going to ship more or less at the same time as Microsoft Money. I spent a very intense seven months aided by my current CTO Tim Villanueva— he and I were the two leads on the project—building a Windows version of Quicken that we launched in October a few weeks after Microsoft Money. And then a month or two later Walt Mossberg did a review in *The Wall Street Journal* and said, "Quicken is better." We go, "Whew!" <laughs>

Hancock: That was such a risky time, right?

Dunn: Right. And then our sales and marketing team did an awesome job driving the upgraders to the stores, and the upgraders wanted Quicken, not Microsoft Money. So one way or another we held Microsoft at bay. The things that led up to the IPO were showing that we could compete with Microsoft. And Microsoft, by the way, had trashed Lotus with Excel, WordPerfect with Word, Harvard Graphics with PowerPoint. All other operating systems. They killed OS 2. So they were a death machine, and we'd survived our encounter with Microsoft. And we had a growth opportunity with QuickBooks. So by the fall of 1992 when we had a board meeting—I was on the board of Intuit from '86 until just as we went public—John Doerr invited us up to his Kleiner Perkins office on the nth floor of some skyscraper in San Francisco and looked at us all and said, this is classic John Doerr, "It's time to put the puck on the ice." <laughs> Which meant it was time to go public, and we agreed.

Hancock: Did the timing feel right to you?

Dunn: The timing felt right. We were feeling good about QuickBooks. We knew we had a Windows version of QuickBooks under development. Microsoft was at bay. I mean, they were a very capable competitor who made us a lot better, but they weren't seriously denting our market share. So that's how that came about. We went public quickly in March of '93, and that all worked well.

Hancock: There are often challenges that come when you're going public, decisions to be made. How do we allocate shares? What's the pricing going to be? Who are we going to work with? Do you want to talk about any of those decisions?

Dunn: Yep. Let's see. We ended up going with Morgan Stanley. Frank Quattrone was our lead banker, and Robertson Stephens--

Hancock: In Frank's oral history, actually he tells his side of this story.

Dunn: Yep. And Jim Feuille from Robertson Stephens was our number two lead. You know, Scott had innovative ideas like doing one of these kind of populist IPOs where you allow customers to buy shares. And maybe in the age of the internet, it's easier to do that. It was just a little too hard for us to do. There was another reason to get the puck on the ice, which is stuff was brewing in the tax category. Chipsoft had already gone public and so we needed to be on a level playing field in the tax category, we needed to be public.

So I think if we'd had all the time in the world, we might have done something kind of populist and innovative, like the Google reverse auction. But as it was, we focused on speed and certainty, and that led us to a very well-established team. Frank Quattrone was backed by Mary Meeker as the analyst, and Bill Brady. Yeah, they knew how to do this. And we worked with Gordy Davidson and folks at Fenwick & West. So I would say it was all very straightforward.

You know, internal share allocation decisions-- we had a little bit of pushing and tugging in 1990 when we did our venture financing where we sold a third of the company. Actually employees, and mainly Scott, owned the entire company up until 1990, and we sold a third of the company to TVI, Kleiner Perkins and Sierra Ventures. Was it a third of the company? No. They put in 12 million dollars, so five, five and two. I guess we sold a sixth of the company. And there was some adjustment of founder shares that had to be dealt with at that time. But that was all ancient history, so we had a clean cap table. I think we initially priced our IPO at 12 to 14 dollars, and then there was strong demand after the roadshow, and so it went it out at 20. I think in the first day it traded to 33, which is great! Then I think it got as low as 24 or 25, and I think it's been up since then, if I recall.

Hancock: He says so modestly.

Dunn: Yeah, yeah.

Hancock: So that was a big day. How did you celebrate?

Dunn: How did we celebrate? I think Morgan Stanley took us to a nice dinner in New York, and then we all flew home. One of the things I think Scott and Tom did, which they took pains to do, was to explain to our employees that going public is not the end of the game, it's just a carriage stop on the journey. And we actually had an all-hands meeting with our employees probably in February, where we invited Roger McNamee to speak about his perspective. Because as an investor he knew that not just for the company and employees, but for investors as well, the IPO is just the first step of the journey. And so I think we did a good job of saying, "Keep doing what you're doing, we have the same people, the same buildings, the same code base, the same customers, the same tech support calls as a public company that we had as a private company. Just keep doing what you're doing. Mostly it's the PR and the finance people are going

to have to deal with this. And life should continue pretty much the same, though you'll have some liquidity for your stock options, which is good." So I think that was one right thing we did.

The other right thing we did was we did an exercise in probably late '92 or early '93 called Vision, Mission, Operating Values, Achievements. And we defined a vision for the company, we wrote down the mission, we set ten operating values, since trimmed down, I think, to five or six. But we consciously said, "We have a company culture that we value that we want to take a snapshot of, write down, and then make sure we preserve that in knowing that there are extra pressures being a public company." So I think we were thoughtful and we took some reasonable steps like writing down the values, getting outside speakers, and coaching our employees to keep doing what they're doing.

Hancock: For the record, can you share that articulation that you had for those values? Do you remember any of them?

Dunn: I don't remember them all off the top of my head, but it started with "Do right by customers," so that was probably number one. And the right bracket was, "Integrity without compromise, not even close to the line." Then many things in between that I can't call to mind.

Hancock: That's fine.

Dunn: But they've morphed into, as I said, five or six at Intuit. And in my own company, we have basically versions of those six that we continue to use. So I think Intuit has found it durably valuable, and companies that have been spun off from Intuit in various ways have inherited many flavors of those operating values. So I think you'll find them in lots of corners of Silicon Valley and beyond today.

Hancock: That's an interesting impact that the culture part has endured as it's gone on to founders or leaders of other ones. So you're a CFO at this point, and do you want to comment on anything else around the kind of financial health or post IPO?

Dunn: Post IPO, what got interesting is there were three players in the personal finance tax market, and they kind of rearranged their dance partners. So at the time of the IPO, there was Chipsoft who only did tax software, TurboTax; there was Intuit which only did personal finance software, Quicken; and there was a smaller company called Meca, which had the number two finance product and the number two tax product. Their finance product was a product called Managing Your Money, which has more or less gone away after a couple of years. Their tax product, it was complicated, they had a license to a product called TaxCut. They had the exclusive, and it seemed like perpetual, distributional rights to that, but they didn't actually own the product. They were the number two, and a strong number two, but you know, maybe 30 percent market share versus 70 percent for TurboTax, or there was a ten percent player and TurboTax had 60 percent. And they were for sale. They were a small public company with, I don't know, a 50 or 60 million dollar market cap or something.

And with a pure tax company here, and a pure finance company here, the company that had one of each had the potential either to turn Chipsoft into a personal finance company if it bought Meca, then they

could build on Managing Your Money, or it had the potential to turn Intuit into a tax software company if we bought Meca instead. So it was a little bit of a horserace there, and the belief at that time was that there was a lot of marketing benefit to having both the finance and the tax product. And I think that was real, that people who cared enough to track their finances on a personal computer had above average propensity to prepare their taxes. Everybody saw that these things probably should live within the same corporation, but there are these two pure plays and one hybrid out there, all public, kind of eyeing each other. And so Meca tried to do a reverse auction where they could sell themselves, they said, "Who will give us more money? Will you give us more money, Chipsoft? Or will you give us more money, Intuit?" Chipsoft was about to buy them, and then the Department of Justice said, "You know, that would be a problem. You can't do that. We don't want to put those two tax products together." So that was a big deal in the Summer of 1993 when the Department of Justice prevented Chipsoft from buying Meca.

So if you looked at the combinations that were possible, the other two were now possible. Either Intuit could acquire Meca, or it could acquire Chipsoft. We went from being on a level playing field with Chipsoft to being somewhat advantaged by the Department of Justice ruling. In the meantime, Tom and Gordy Davidson and I had negotiated an option to purchase TaxCut, the tax software provider to Meca, which caused everybody's head to spin. <laughter> Ultimately, we weren't able to exercise the option because of our own antitrust reasons. But between that ruling and having the option to buy TaxCut—Legal Knowledge Systems was the name of the developer of it—we had a fairly strong position. So during the Summer of '93, there was a negotiation whether we would buy Meca or buy Chipsoft. And in fact, it ended up, and very successfully obviously, that we merged with Chipsoft at about a 60/40 basis, 60 percent Intuit, 40 percent Chipsoft. And the Intuit name was preserved.

Then Meca sold the bank software to, I guess, the bank consortium. TaxCut was purchased by H&R Block and I think it's probably the basis for the software they continue to sell today. Not with as much success as TurboTax, but it's a viable product. So with the acquisition of Chipsoft by Intuit in September of 1993, really a lot of the pieces of the company were in place. We'd successfully launched DOS QuickBooks after some teething trouble. We'd followed that with a Windows version of QuickBooks led by Craig Carlson and Dan Wilks, which was very successful. That was after the IPO, probably late '93. Quicken was doing well against Microsoft. And then we'd allied with the leading tax software provider, so that was a good time, the fall of 1993.

Hancock: Changed the landscape.

Dunn: Yeah, yeah.

Hancock: Great, so you've gone through this and it's changing. Also the leadership is changing, too, right? You and Scott are left from the early days. Is that right?

Dunn: So, leadership changes.

Hancock: Do you want to talk about the leadership changes?

Dunn: So up through '93 it was the founding management team. Tom, Scott and I had been joined by a guy named Tom LeFevre, who had worked earlier at Intuit, maybe 1984/85 as COO. He ran our supplies business, which, as I mentioned was 30 or 40 percent of revenue at that time, an important business. John Monson ran marketing. In late '91, Tom and Scott hired Steve Pelletier to lead engineering. And we had Marshall Raulston running Customer Care. Jim Heeger joined the company around that time. This was all before Chipsoft. So we'd built up the management team quite a bit.

With the merger with Chipsoft, we had two management teams and a little bit of a dance trying to figure out who would do what. I took the opportunity to not be CFO anymore. They had a CFO, Bill Lane, who did it for another year. And so I transitioned after a couple of iterations to running the Quicken business within Intuit, and I also ran International during that period. But more importantly at the CEO level, I think Scott reached the conclusion, particularly with the Chipsoft complexity layered on, that he was not the very best person to lead the company to its broadest possible level of greatness. So he worked, particularly with John Doerr, I think, trying to identify the next CEO to whom he should pass the torch. And that turned out to be Bill Campbell, which was, of course, an excellent, excellent choice.

Bill started with us, I think, in the summer of 1994, and his first job was to fuse together the tax business based in San Diego, and the Quicken and QuickBooks businesses based in Mountain View. And then very quickly he got dealt a wild card in the fall of '94, when Microsoft reached an agreement to acquire Intuit for a billion-five, which was a record amount for a software company at the time. Then eight months later, that deal was never consummated because of an antitrust objection. So Bill Campbell had a tumultuous first 12 months, I would say, leading the company. Of course he's passed away, but he was a superb, unusually talented and gifted leader. And he pulled it all together.

We got to '94/'95, Microsoft found out that they can't buy Intuit. That was a tough period, actually, because there was a little bit of disappointment. Some of our employees were kind of psyched-- you know, being bought by Microsoft was like being bought by Google in 1995. They were on top of the world, they were just on the point of shipping Windows 95. They were everything in personal computer software at the time. So it was kind of a big disappointment, but Intuit recovered quite quickly. It was a challenging time for some of our businesses because the web was happening. Financial institutions were able to communicate with their customers digitally for the first time, which undermined the value proposition of some of our products. There were just starting to be productivity apps built on the web, though it was mostly content at the time. Lots of startup activity. The late '90s were a time when notoriously, you could raise money on just a business plan if it had a ".com" in the title. And Intuit employees were being kind of pirated or taken away or leaving to start their own companies. Many Intuit alums did very distinguished things during that era.

But somehow, Intuit got its act together, even though it was a desktop software company in the age of the web and the internet. And gradually started the reinvention process which is still happening today, and went on to be very successful. Bill Campbell retired in 2000. Steve Bennett came in. And I retired in 2000. So I had a ten-year, first angel, then venture investing career, from 2000 to 2010. I was on the board of a company called PayCycle that Intuit acquired in 2009, which was kind of the catalyst for me meeting Brad Smith. I liked him, and I guess he liked me, and we kind of agreed that it would make sense for me to

come back to Intuit in a role called Strategic Payments Initiatives, where I had a lot of energy about various payments ideas. I ran kind of a skunkworks for two years, then it merged with the larger payments business at Intuit, which I ran for another couple of years. And then in 2015, as part of a strategy review, Intuit had decided that three businesses it owned didn't fit the future vision. Those were Demandforce, an acquisition in the Small Business Group that didn't work out that well; QuickBase, an online database that had been built from scratch, actually a tiny acquisition in 2000 to a successful SaaS business but selling to enterprise, didn't fit with Intuit; and Quicken, which of course was the founding product of the company, but no longer was anything like a growth driver, and somewhat overshadowed by the Mint personal finance app. So all three didn't fit.

I think Intuit felt a particular sense of obligation to the Quicken customer base who helped get the company started, and wanted to make sure that when it was sold it would continue to be a well-operated, viable product business company. So I heard about this, raised my hand. And it was a little bit complicated, but I ended up being the person who was running the Quicken business within Intuit, representing it to the potential buyers, and then after the buyer stepped in—in this case, HIG Capital—running it as CEO for the private equity partner. And I give credit to Intuit in that when they evaluated buyers, certainly they looked at financial return. But where it was a close call, I think they had the so-called "good hands" test, where they wanted Quicken to land in good hands for the employees. Particularly though for the customers and the brand. They made an excellent choice with HIG, who's been a wonderful investor.

As a standalone company, Quicken, Inc., we relocated a half-a-mile north to the corner of Marsh Road and Haven Avenue, and we built a company with about 130 employees that are totally focused on bringing this franchise back to life. At Intuit, Quicken had just been flat in revenue for a long period of time, and it had been parts of various larger businesses. So I wouldn't say that it was neglected, but it was getting a little dogeared, would be maybe a polite way of saying it. It had been kind of passed around like an old book. <laughs> And there hadn't been a lot of really close focus. It had been coupled with the Mint product, which had a lot of visibility, and so it had always been kind of a stepchild, dogeared second-hand book.

So what we brought to Quicken, as a standalone company, was focus. It's taken a while, we're now three-and-a-half years in as a private company. We inherited Net Promoter Scores of around zero for Windows and deeply negative for Mac, which was on a new codebase and hadn't gotten far. And we're now in the 20s on both those products, which is not where we aspire to be. But I think it's where a lot of mainstream products are, and we're on a good trajectory. We doubled the spending on customer care, so that now we do a great job for customers. We measure something called Transactional Net Promoter Score. At Intuit we were in the 40s, and the Intuit standard was 65. Right now we're flirting with 80. So we've really made a lot of progress there.

We changed the business model from licensed software to a subscription-based software product about a year and a half ago, and that has been a very successful transition and made the business easier to run. And then the last thing we did is, there'd been a mobile companion, basically a version of Mint, at Intuit, which was kind of an afterthought. It had a 2.4 rating in the Apple App Store. So we rewrote that. We're

now at 4.6 stars in the App Store. And then we also built a web companion. So now Quicken is a cloud-synchronized product where you have a really good mobile product, a really good web product, and all three of them share the same cloud source of data. And then we have some new initiatives in web and mobile extensions.

Hancock: It's a lot to do.

Dunn: So it's just been very straightforward. To some degree, the Quicken software looks like Quicken software, but we've changed a lot internally. One big problem, challenge for us, was as part of the Intuit family, customers signed in using Intuit One Identity, which is a very capable, well-thought-out, highly secure service operated by the CTO Group at Intuit. We had to build our own. We built that from scratch over nine months and we had to find new partners for it. Anyway, and we have a durable partnership with Intuit on bank connectivity, which is working very well. We work with Olivier Helleboid's team on OFX and other bank connectivity. So, in short, it's taken a while to get this far, but we're pleased with the progress we've made. I think customers by and large would say, "Yeah, as a separate company, Quicken has gotten more attention and has improved during the time that it's been standalone," which is not too surprising. And then I should also say, our private equity partner, HIG, has been very supportive of investing in the product and care and the team, too, so that we can have a successful company.

Hancock: So if my math is right, you've been involved with Quicken for three decades, right?

Dunn: Well, 34 years, I would say.

Hancock: Yeah, more than three decades.

Dunn: The transfer utility I started working on in '85. And so here it is about 34 years later. There were ten years in the middle, or really 15 years in the middle, when I was kind of distant from it. And I would tell my mom, "I'm not your tech support agent for Quicken!" <laughter> Unfortunately, I had to stop saying that again after a while. But so there was, I would say, a span of 34 years with kind of a 15 year cut-out in the middle. But it's been a long involvement, and one thing that is fun for me is, I had a wonderful ride at Intuit. It was a great company, I enjoyed every part of it. I would say the part I enjoyed most was when we had 100 to 200 people, and that's about the size our company is now. So it's a very enjoyable size, and I think we have a good environment as well as a good business.

Hancock: I'd like to just ask a couple questions and pull the lens back. You've driven parts of the software industry now over literally decades here in the Valley. What perspective can you have about how the software business and the industry is changing here? How it's done? What the impact and implications will be? How it's tied with the business model? You've lived through those changes and needed to reinvent it fundamentally.

Dunn: Yep. I guess one theme is, small venture-backed companies are huge drivers of innovation and success, and Intuit was one. There's something magic about what Silicon Valley brings together that enables capital and entrepreneurs and talent to come together. When I was at business school there was

a thought that Route 128 in Boston was going to be a tech ecosystem that was going to rival or even surpass Silicon Valley, and that just didn't happen. So there's some nexus here, as you well know, which works remarkably well. I would say that's one point.

But the counterpoint to that is, to a surprising degree there have been-- and you might have said in 1999, "The giant company is the dinosaur and the whole world belongs to fast-moving startups," and we sort of felt that at Intuit. But there's been a reinvention process or an invention process by large tech companies that's remarkable. I mean, you look at the success of Amazon in every category; and Google in category after category; Intuit, growing and accelerating growth at scale; Apple; Facebook. And so there's sort of a new formula for running a large company, which is much better than the formula IBM had when I was there in White Plains in 1980 and 1981. And I think it's taking some of the practices and behaviors of startups and adopting them at scale in large companies that seems to work.

Hancock: You talked about when you arrived in the fall and what the Valley looked like to today. Again, the Valley as an ecosystem has also changed.

Dunn: Yeah.

Hancock: People come to the Museum and always ask, "What's the secret sauce?" You know, the DNA of the Valley. How would you answer that question?

Dunn: You've probably heard these exact same answers, but I'll say them anyway. First, it's the combination of capital being available, great student bodies from all the local universities and colleges. Entrepreneurs arriving from every part of the world and every part of the U.S. to do their thing. Highly experienced legal and accounting services that can make a company work. Those are the ingredients. That's not the whole story, but those ingredients are there. And why is it that this works so much better than everywhere else? I don't know. But the ingredients are clearly there. Maybe the Bay Area is blessed with, leaving aside the terrible traffic, a wonderful environment, a great place to live. So it's a lot easier to attract the best talent from around the globe here than if you were try to move them to the North Pole. <laughter>

Hancock: You're actively building Quicken now. As you look ahead, what do you see as opportunities and challenges for the Valley as a whole? In any area. It could be technology, economy, society, whatever you'd like to comment on.

Dunn: Well, the Silicon Valley is a victim of its own success. And I think it both took us twice as long as we expected just to turn left onto Shoreline Boulevard from 101. <laugh> Just because so many people are productively employed right here. So there's some element of limits to growth. Every day the newspaper is talking about housing costs and plans to try to offset that. So that's clearly an obstacle. Just the fact that it's so difficult for many employees to literally get to work. And then the cost of talent is high. I think I'm aware of a couple of companies that have moved wholesale out of the Bay Area to, say, Denver. Because the cost of hiring talented engineers and business people is probably 50 percent higher here than in other parts of the country. So that's kind of self-equalizing, right? I don't think that means that

Silicon Valley will fall back, but it's a limit to the growth rate that there's congestion and expense operating a business here. And so maybe Silicon Valley will be on this trajectory, and other tech hubs will be on faster trajectories in the future.

Hancock: As we close, I'd like to ask you just to reflect personally as both a programmer, a technologist as well as an executive and leader for a company and say, if you had a next generation innovator, aspiring innovator or entrepreneur, what kind of advice could you offer? Lessons learned, hard-won advice?

Dunn: Number one lesson is, make sure you're lucky. <laughs> I was lucky in so many ways. As I said, by coincidence I got married, and my wife moved to Stanford. We arrived in Silicon Valley in the fall of 1983 as the PC revolution was unfolding and the tech business was really starting to accelerate. So it really helped to be in the right place at the right time. I got introduced to fabulous entrepreneurs, Scott and Tom, at a time when they needed somebody like me, and we were able to find a way to work together productively. And then Intuit had some lucky breaks along the way. Now, obviously there's a lot of hard work and virtue and skill, but also some lucky breaks that got it to where it is. So it's hard advice to give somebody, but not everyone is going to have as good luck as I was fortunate to have.

But leaving that factor aside, for me the formula of combining a business background and a technical background has been good. One thing it lets you do is you're not going to get BS'ed by technical people. <laughs> You understand what's going on, and that's super helpful. And I'd say the other thing that it does for me is the fact that I'm deep in the technology of the product even today, just makes it more fun! For a mind like mine, it's interesting. When what you're doing is fun, I think you bring more energy and more time and more intensity. And that's been the case for me, actually, very much at this Quicken business. So be lucky, at least in my case, combine business and technical skills. And if you're fortunate enough to find something which is fun for you, that'll make you, I think, more effective and successful.

Hancock: I am just going to close with one thing. You have expressed today so much passion and used the word "fun" about the work of you being hands-on and deep into the code, and thinking about the problems and the possibilities. Can you just sum that up? Because as a Computer History Museum, we need to hear you talk about that.

Dunn: So the great thing about working at Intuit, and also at Quicken now, and building Quicken software, is that millions of people use your product. When Tom and I shipped DOS Quicken 2, that was a proud moment not just because we'd completed a technical challenge, but we'd created a product that huge numbers of people would use. And they liked it! So working at Intuit and working at Quicken, you feel like you're creating something that makes other people's lives work better, more smoothly. You're contributing to the world working a little bit more smoothly. And so the combination of the fun, of being in the weeds of technology, and then having some positive overall benefit to the world from your work is pretty compelling.

Hancock: That's a perfect way to end. Thank you so much, Eric, it's been a privilege to have you here.

END OF THE INTERVIEW