# Oral History of Donna Dubinsky, Part 2 of 2

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**Weber:** So, I'm Marc Weber of the Computer History Museum here on… what is this, May…

**Dubinsky:** 30th?

**Weber:** 30th, yeah, 2023, with Donna Dubinsky for the second part of her oral history, and we had just gone up through right before the launch of the [Palm] Pilot, and I wanted to go back and ask about the form factor and how you guys came up with that particular size?

**Dubinsky:** Yeah. Well, we became convinced that there were form factors that related to how you carry devices, and in fact, I gave this speech, very provocatively titled "Size Matters: One Woman's Perspective." I gave it at the Agenda Conference, and I won the award that year for the speech. I was very proud of it. But the theory that we laid out was that either you're going to carry it on your person, in your pocket, or you're going to carry it in your briefcase, or your purse, or you're not going to carry it with you, it's going to be at home, and that form factors in between those sizes were not stable, in a way.

We thought form factors in between might exist, but they wouldn't be high volume products, and that we were just on the verge of being too big to carry in your pocket with the Zoomer, and the other similar products, like the Newton. So, Jeff became very convinced that it needed to fit in a man's dress shirt pocket. Literally, he measured the top shirt pockets and figured out what was the size that would enable it to go in that shirt pocket. That is what we aimed for with the Pilot, which meant that a lot of things had to come out of the device, because there were a lot of things that just simply weren't going to fit.

**Weber:** So, trying to keep it to the certain number of millimeter, not adding a millimeter, was about that?

**Dubinsky:** Yes.

**Weber:** They could literally be…

**Dubinsky:** Right.

**Weber:** … too big to slip easily, in and out, and have a…

**Dubinsky:** Too big to carry in your pocket.

**Weber:** Excellent. I might as well say now, do you think that's born out? I mean, obviously the iPad and other tablets are in that size, but the volume's much lower still than the...?

**Dubinsky:** Yeah, I mean, I think they showed that there was a reasonable category there, but they're nowhere near as big in volume as either the phone or the PC. It's funny, because I have a tablet myself and I find I just use it around the house. I don't take it with me if I'm going out. Either I'm carrying my laptop or I'm carrying my phone, but it's rare that I take the tablet as well. I think it's settled into a different kind of device. It's running stuff around the home and things like that.

  

**Weber:** And that's what I remember you telling me in like 2009, or 2010 for the mobile gallery, that you thought the iPad, which was new, would end up being more of a home…

**Dubinsky:** Oh, really?

**Weber:** …device.

**Dubinsky:** Yeah. We had a product that we called the Foleo, … I don't know if we talked about that last time, but we tried to create effectively a tablet product. At that point, we'd gotten in trouble and there were other things going on, and we couldn't invest in it. But I always thought it was an intriguing idea. It took some of the things from the phone, instant-on, and really intuitive UI, and took away all the… Windows complexity that we deal with now. It tried to take the complexity of the Pilot into more of a laptop-like environment, and I found it a very attractive idea. In the end, it kind of is what the iPad became.

**Weber:** There was also a sub-notebook, or what the…

**Dubinsky:** Yeah.

**Weber:** Yeah. And we will talk about that at the end. I guess a big milestone was that you could get the whole…all the tests of how quickly you could enter things. You succeeded on that. What do you call the prototype, where it has the external board? The breadboard, or whatever.

**Dubinsky:** Right.

**Weber:** So, was that a major moment, when you sort of realized yes, you had gotten things fast…?

**Dubinsky:** One of the biggest problems with the Zoomer was its speed. You just would wait, and wait, and wait. You would do something, and you would wait, and wait. It was underpowered, I think we talked about that last time. So, it was really important to us that the Pilot was snappy, and that it would do things instantly. There was the calendar button, but it wasn't really the calendar button, it was the “today” button. Literally, you would press that button, it would turn the device on and take you to today, all at once. Because we figured out that was the number one thing people wanted to do with their device, just look at their schedule today. So, with one button you did all of that, and we just worked like crazy to make it super, super fast, not just the responsiveness of the device, but in how you design the UI.

**Weber:** Right, fewer steps.

**Dubinsky:** Fewer steps.

**Weber:** And you were trying to raise money in that period, and you were… someone was offering you a very low valuation to give you a million dollars. Like nine million for one. Does that ring any bells?

  

**Dubinsky:** Yeah, we went to every VC in the Valley. We went around, around, around trying to raise money. We couldn't raise money for the Pilot, and we were running out of money, and it was going to be very difficult to bring this thing to the market, and nobody believed in it anymore. First of all, there'd been like a billion dollars lost in the space, which I added up between the Newton and the Zoomer, and all the other products. But also, the timing was that the internet was just taking off, and all everybody wanted to invest in was the internet, which totally made sense. It was big, and interesting, and exciting.

So, we were viewed as passé, as in "Who wants to invest in that handheld stuff?" That's a dog category. So, it was impossible. We made this hilarious video, I don't know if you've seen it, this hilarious video of us going around the Valley looking for money, and we just were having no success at all getting people to invest. Even our existing VCs, one of them wanted to invest and the other one didn't, and the one who wanted to invest, his partners wouldn't let him invest unless the second VC came in…

**Weber:** Bruce Dunlevie?

**Dubinsky:** Bruce Dunlevie was game to invest, but he couldn't get his partners along, and Sutter Hill was not game. So, we couldn't even get our current VCs to stand behind it.

**Weber:** And you had overtures with a Motorola pager division?

**Dubinsky:** Oh, we were trying to raise money from the corporates, we spent a lot of time with Motorola. With all their different divisions, Motorola made so much sense for us. We had enormous discussions with Compaq, went very far down the path with Compaq. Nothing came of that. We had discussion, after discussion, after discussion with potential strategics, as well as with the venture investors, and we were just getting nowhere.

**Weber:** And so, you were asking them to manufacture the device, and you would provide software, UI?

**Dubinsky:** Each deal was a little bit different in terms of what they would get out of it, versus what we would get out of it. How will we partner? We would do a device under their label, we would whatever. We would come up with some way to make these things work together. But at the end of the day, we just couldn't close any of these deals. It was very difficult to deal with these big companies, and …. they had a lot of power, and we had no power.

The only power we had was to walk away. It didn't make sense to us to do a bad deal. What was the point of working our butts off for a bad deal? The companies, they were kind of foolish, in my opinion, because they were working so hard to get every ounce of flesh from us, that at the end of the day, they got nothing, because they didn't make it work. I've always viewed that deals from a business development perspective, need to be a win-win. So, even if you're a big company doing a deal with a little company, you want the little company to survive and thrive. So, you've got to structure your deal in a way that makes both parties win, and they just weren't like that, those big companies. They were not interested in that.

  

**Weber:** Do you think that's unique to those device companies that are often hardware companies dealing with thinner margins than maybe...?

**Dubinsky:** I don't know. I think it's a big company thing. They get in a mode, and it takes really somebody who thinks outside the box to say "Whoa, whoa, whoa, wait a minute. Let's sit down here, … we're pushing this so hard that this is counterproductive."

**Weber:** But your basic ask was that you would provide interface, the overall functionality of the device, the design, and they would provide hardware, in some fashion?

**Dubinsky:** They would… yeah.

**Weber:** You wanted to get out of…

**Dubinsky:** Right.

**Weber:** …making the hardware yourselves?

**Dubinsky:** We needed a manufacturer, for sure, but we had lined up Flextronics as a manufacturer. So, again, I'm not sure of the exact sequence of events, but Flextronics, Michael Marks, he was amazing. He only took like two startups at a time, and he saw our deal and he was willing to work with us, which we didn't have enough money to bring to production. So, he took a leap of faith that we would get the money, and his engineers helped us design the hardware for manufacturability, which was really important, before you get to the point of manufacturing it.

So, they were very involved with us in terms of helping get this product to the market, and I tell you that story mainly because later it's one of the biggest disputes I had with US Robotics, who eventually bought us, which was about the use of Flextronics versus their own facility. We had gone very far down the path of getting ready for manufacturing. What we really needed was money. We didn't have the money to do tooling, we didn't have the money to buy inventory, we didn't have the money to market it. We were running out of money.

**Weber:** So, if you had gone with Motorola or one of those, you might have manufactured it with Flextronics, but they would've distributed them with their label or something like that?

**Dubinsky:** Yeah, or they could've just done an investment in us and then would've had a chance to see how it goes, and add some value. I think in the Motorola case, we were going to license them our OS for pagers and for other devices. So, I think that was the deal there. I can't remember exactly. But each potential strategic partner would get something different out of it.

**Weber:** And you talked with, what, Ted Clark at Compaq, when they were doing their Palmtop, but they invested a million in Palm for the right to sell their own label, Touchdown. Does that make any…

**Dubinsky:** I do not believe they ended up investing. We spent a lot of time talking to them about investment. I spent an enormous amount of time talking about investment. I think I came away empty handed, though. I remember at one point, we just couldn't get this deal done and I reached out to the key business development guy to just say “Hey, we’ve got a problem here we’ve got to resolve,” and he wouldn't even take my call. So, they wouldn't even let me escalate and bring in more people, and we ended up walking.

As I recall, they were trying to structure us as a captive supplier. We would supply them with Pilots, and under their label, and it had to be exclusive, and it's like why? There was no business for us if we were a captive supplier. If you're going to be a supplier, you’ve got to be able to supply multiple businesses to have a business. It was like they were buying us without buying us and paying us for it. So, there was no way to make that deal work.

**Weber:** And apparently, they wanted compatibility with Lotus Organizer, Outlook, all sorts of things, which led to you guys [to] creating Conduits though, right?

**Dubinsky:** I don't remember that, but we did have Conduits that were a way to connect other pieces of software to flowing data in and out to the native apps on the Pilot… to be able to connect, that was one of the key value-adds of the PalmPilot, the ability to connect to PCs. As we took so much out of the device to make it small, and fast, and cheap, you were relying on its connectivity to the PC. Connectivity was central to the whole proposition.

**Weber:** But, I mean, the versions that I used, I remember it was syncing to your own desktop application?

**Dubinsky:** Yes, we had our own desktop application, but then I think we developed the whole Conduit strategy, with an idea of saying, “You can use our desktop, or you can use somebody else's desktop with these Conduits.”

**Weber:** But probably since I was buying it as an individual, it was just the Palm desktop. But if I had been working for a company that used Lotus, then there would’ve been the Conduit that IT would’ve set me up with…?

**Dubinsky:** I think the Conduits were maybe even sold separately. I can't remember what the distribution mechanism was for the Conduits. The idea was, “We're providing a desktop, if you don't have one. If you do have one, then we'll enable people to connect them up together.”

**Weber:** Got it. I don't think I realized that was an option at the time. Yeah, so, for the enterprise market, that's hugely important, or anyone who is committed to their own…

**Dubinsky:** …If you were committed to and invested in your own calendar app and contact system, and you wanted to stay with it, we didn't care. We were trying to sell the hardware, so the more we could connect to other things, the better. These were not easy synchronizations. You had to deal with a lot of edge conditions. You had to deal with a lot of duplicate events, or changed events, and which is the right one? Changed contacts, and so on. Do you merge from them? It was tricky to figure out all the sync stuff. It was not that obvious.

**Weber:** The idea that it shouldn't ever ask you for further input. It's like you press the button and it'll make a decision…

**Dubinsky:** Right, let it do the best it can do for you, so that it's not waiting on you.

**Weber:** And I remember duplicates were not a problem the way they are with almost everything else.

**Dubinsky:** Yeah, we solved a lot of hard problems. Things we fixed that still annoy me today, that they've gone retro on, are things like ….. when you looked at today, if you had a few events on today, but there was a lot of empty spaces in between, it would collapse, and it would just show you the content. Things like that, today, you've got to scroll up and down. It's funny how we figured out a whole lot of things that still don't necessarily get incorporated <laughs>.

**Weber:** Well, people don't learn from the past…

**Dubinsky:** Yeah.

**Weber:** Okay, and, so, spring of '95, Palm Connect sales were poor for the HP 200LX. That was one of the best-selling organizers at the time.

**Dubinsky:** Yeah, and we were like, "Okay, we got to find something to do." So, we were selling ways to connect other people's devices. One of the biggest problems with all these devices was that you couldn't get their data into your computer. We figured out the synchronization stuff, and we started selling that connectivity softwareWe'd done it for the Zoomer, so then "Okay, we'll do it for these other products as well," that were selling. The Zoomer didn't sell, so do it for the best-selling product, the 100LX, or 200LX, made a lot of sense. But still, it was the best-selling product, it wasn't a huge number, and then some percentage of that is even a less huge number.

**Weber:** You were hoping that would raise some capital to build your own?

**Dubinsky:** Well, we were hoping that would keep us alive, that would pay the bills while we developed other things.

**Weber:**. And then Jeff met people at Ericsson, but apparently, they were offering like a $30 million valuation for Palm and to give a million from Ericsson, Compaq in each of three VCs. So, did that actually happen?

**Dubinsky:** No, none of those deals happened. We were trying to do all those deals, and then we met US Robotics. So, what happened was US Robotics acquired us, rather than doing any of those deals.

  

**Weber:** Yeah, and then Compaq apparently kept on giving you more conditions, and trying to make it…

**Dubinsky:** Oh yeah, they just were constantly putting the screws on us, over and over, and worse and worse. Every time I was ready to sign a deal, it would go back, and it would get worse. It was amazing <laughs>. I look back at it, I'm just amazed. They could have been a leader in handheld computing, and they blew it.

**Weber:** And it's a huge distraction for you, also from building the product and leading the other things?

**Dubinsky:** I was the one who was focused on that, while the other people were building the product. But it was really painful work, because we had no leverage, and like I say, our only leverage was to leave. So, in the end, that's what we did. But it could have been great for both of us. It could have been great for us, it could have been great for them.

**Weber:** And so, the US Robotics…you were starting to think about that, or they were starting while you were still talking to Compaq?

**Dubinsky:** I can't remember how we came across them, but we thought they might be a potential investor, and we approached them as an investor.

**Weber:** Because you were talking to them about a modem…

**Dubinsky:** Yeah, maybe we started to talk to them about a modem, but we basically approached them with the idea of investing in the company, as we were talking to Motorola and Compaq, and everybody else. They were just one of the companies on the list. We met this guy, Jon Zakin, and Jon got super excited about what we were doing. I remember, we had a forecast for the first year of 100,000 units, and he said “You guys are going to sell a million units.” We said “No way. The number one selling product in this space sells 100,000 units.” That's the HP, and we thought we were being incredibly bold, of saying “We're going to sell as many as the number one player in the market.”

He said “You're crazy. You’re going to sell a million of these things,” and he was much closer to the number than we were, in the end. He was right, but we'd been so beaten down by all these VCs, and all these corporate entities, and the failures of the Zoomer, and the failures of the Newton. We just had lost a little bit of the faith [in] ourselves. I mean, we believed in the product, and we thought by forecasting it the same as a number one product, that we were being quite bold… but he said “You guys are nuts. You're going to sell a million of these things.”

It was so refreshing for us. It was so exhilerating to have this guy come in and just say, “Man, this is great. I'm excited.” So, after we showed it to him, he came back, and he said, “We want to buy the company.” It was just like that. We weren't pitching to sell the company. We weren't trying to sell the company. We were just trying to get an investment. But honestly, we were so worn down at that point, and we just wanted to bring this product to market, and we needed the money to do it, and they were a way to give us the money to do it. Everybody said to us later, “Well, why'd you do that?” It's like, “Well, we needed money to launch the product." That was a huge deal, to get us the funds that we needed to launch the product, and they wanted to invest in it, and they were excited about it.

**Weber:** How much did they pay for…

**Dubinsky:** It was forty-four million dollars, I think. I remember, we hadn't launched the Pilot yet, so nobody knew what we were doing. Everybody said to us later, "Wow, congratulations. How did you sell that dog company to those yokels in Skokie for forty-four million dollars? You guys made out like bandits." Of course, the same people who, after the PalmPilot was introduced, and was an enormous success, they said to us, "How stupid was that to sell that company for only forty-four million dollars? You guys sold way too low." It was funny that we had to deal with that, but for us, it was partly about the money, but it was much more about, "Are they going to fund this thing? Are they going to give us the funds to launch this product?" We wanted to launch this product. We believed in it, we wanted to launch it.

**Weber:** And then the stock option conflict, I guess was the first… I mean, there was a honeymoon, right?

**Dubinsky:** I don't think there was a long honeymoon. Things went bad pretty fast <laughs>. There was conflict after conflict with them. There was a stock option one, but even before that was this manufacturing one, which was that I had been working with Flextronics, and we were going to build the product there. As I said, their engineers were helping us, they were designing for manufacturability. They had invested in us … they'd not given us cash … but they'd spent their time and their resources on us, and I was very conscious of that, on a hunch, that we could pull this off. We hadn't paid them for any of that work yet, and so I felt quite a bit of loyalty to them that they did that. There was no way we'd be far enough along without that [investment].

US Robotics came in one day and said, "You're not building it there, you're going to build it in Salt Lake City at our Megahertz plant." That was the modem company they'd bought, and we said "No, no, no. We are not going to build it at Megahertz. We are going to build it at Flextronics." It was literally a lay your body down on the railroad track moment. I said, "There is no way. This thing gets delayed by at least six months, if not more, if we switch to a new manufacturer, and Megahertz has nowhere near [the capabilities]... so other than the fact that they're roughly the same size, they have nothing else in common in terms of the manufacturability of this thing."

So, it was a knock-down, drag-out fight. I went all the way to the top arguing this thing before I finally won. But I know I saved that product, because it would have been a huge setback to put it in Megahertz. I said, "Later, fine. We get a point where this is up and running and debugged, and we've got volumes out the door. If we want to make a change later, because it's better, we can always look at that. But not from where we are today." So, that was the first conflict, and there was the stock options conflict, which is that we had made an agreement up front of who would get what stock options for our whole company, every employee down to the name and the number. We had it all set out, but it wasn't documented in the contract, which was really a screw up on my part. But I had it on paper. I had it in writing, it just wasn't in the acquisition contract.

  

After we closed the deal,then somebody comes to me from HR, or whatever, and says “Oh, here's your allocation of your shares. How do you want to allocate them?” I said “No, that's not the right number. We've agreed this, here's the right number.” They said “Oh no, no, no. You're not going to get that many. This is the right allocation relative to how we're divvying up the shares.” I said “No, no, no. This is an agreement I had.” They said “Oh, not an agreement we had.” <laughs> It was like “Whoa!” I did go to them with my little piece of paper. I remember holding the paper <laughs> in front of their noses, and saying “You guys agreed to this. Are you really going to renege on this? Is this how you're going to start this relationship?”

They [the people who negotiated the deal] had to go over and override the HR person because they were risking their whole relationship with our team in the first month of us being a part of them, by not coming through on the deal that we had agreed. Most of the things I got them to back off of, but it was just brutal. Then I thought the funniest one was we wanted a modem. You mentioned that before, but we wanted a modem. We said “Great. We're dealing with the world's largest modem company, so we should be able to get a modem for this thing.” So, we said “We want the Megahertz division to make us a mode,”.

The Megahertz division looked at it and they said “Nah, we're not going to do that. It's too low volume. It's not interesting to us relative to our other products.” So, I said “Well, listen, I can understand your reluctance on it, but let's figure out a transfer pricing mechanism where you'll get paid enough to make it worth your while to do this product, relative to your other things, and we'll buy them from you with some internal mechanism, so that you can build this product.”

They said “Oh, okay, …”. So, I go to my senior leadership and say “Okay, I got this great deal, we got it all figured out. Megahertz is going to build our modem. We're going to pay them through a transfer pricing mechanism.” They said, “You, MBA, that’s ridiculous ‘big company stuff’. We're not going to do that. We're not putting in transfer pricing. That’s stupid.” I said “No, it's not stupid, because it's how they get the resources to build it, because they have other opportunities. They’re balancing their various opportunities.”

**Weber:** Opportunity cost.

**Dubinsky:** So, it's an opportunity cost. It makes sense that they're not going to just throw this in, that they're going to need to get paid… so, I tried to explain it to them, and they said “That is such MBA talk. We are not doing that here.” They had this thing, “We're going to do the right thing. We're going to do the right thing. So, they should just build it because it's the right thing.” Of course, Megahertz would never build it. I had to go outside for a modem. I bought a modem from another company, because I couldn't get US Robotics to build me a modem, because they refused to put in transfer pricing so that I could get a modem, internally.

**Weber:** So, you had to spend real outside dollars…

**Dubinsky:** Yeah. But it was stuff like this over and over. Essentially, they had been extremely successful, but they were sort of cowboys, and they prided themselves on it. They'd been in the rugged world of modems. They had prevailed. They'd beaten a lot of their competitors. They'd done a good job. They were very aggressive, very sales oriented, but not traditionally business orienteds. So, it was really a clash. I disliked my trips to Skokie. I felt like I was quitting every time I was <laughs> on the plane going home, and then I would be home with my team for a week, and I'd be fine. But it was a rough relationship, I would say.

**Weber:** But they'd bought Megahertz, they'd bought Palm. Did they have much experience with acquisitions within their organization?

**Dubinsky:** Megahertz was the big one. I don't know about other ones. They were looking down the face of the future that was uncertain, because the modem was going on the motherboard, so that was their big business. Modems were going away. You don't go out and buy a modem anymore.

**Weber:** Well, on the motherboard, or it becomes a cable modem, which they didn't know how to build, right? Or did they?

**Dubinsky:** I don't know. I don't know.

**Weber:** Okay. But I mean, it was not a rosy outlook?

**Dubinsky:** It was not a rosy outlook. So, here, Palm comes along and could be a rosy outlook for them. That could be a whole change in their business. But they were like a lot of companies, I don't blame them for this; you know what made you successful, and you try to apply that to the next thing you do. They were simply applying everything that they knew that had made them successful to a product that actually didn't have very much in common with the product <laughs> that they were selling. Our product had a development platform, it had a heavy software environment. It was a brand-new category that you had to establish. People didn't know what it was. It had a lot of things about it [that were different than the other businesses.]

**Weber:** And then the decision to call it the Connected Organizer was a compromise. I guess, what, you guys wanted a pocket computer, or a…

**Dubinsky:** Oh no. I remember that coming from Ed. I remember Ed coming up with Connected Organizer, … I don't remember there being dispute about that one. We were very keen, and we would say it over and over, under-promise and over-deliver. Under-promise and over-deliver. Because this space had been devastated by over-promise and under-deliver. So, we were the opposite. We said, "Just call it an organizer, not a computer." We knew it was a computer, but we didn't want to call it a computer. I think it was Ed's invention, this Connected Organizer category, which differentiated it from the other organizers. We were very deliberate about this question of the software platform, which is that we wanted to create a platform.

From the very beginning, we integrated in the idea of software tools, and an SDK [Software Development Kit], and all that stuff, but we didn't announce it. We didn't make it a big deal, because what we really wanted to do was wait to announce it when we had like a million unit installed base. We said, “We don't want to do what the Newton did,” which is declare ourselves a platform, recruit developers, try to get people investing in this without any installed base to sell to. We're going to do all that once we have an installed base.

We had a developer conference when we sold a million units, which turned out to be, as I said, closer to what Jon Zakin forecasted than we did. We sold a million in 18 months, I think. So, right around then we had our first developer conference and announced our SDK and all that stuff. Though people had already reverse engineered it and were publishing applications. It was definitely a big hit with the developer community. But we were very, very keen on making sure that there was an installed base before we solicited developers to work on it.

**Weber:** Yeah, you didn't call it an operating system, even though it was.

**Dubinsky:** Right.

**Weber:** And talk about Jon Zakin. I mean, he was a key person there. What was it like working with him?

**Dubinsky:** Jon was a creative bundle of energy, and a very, very smart, aggressive guy, and just kind of *ad hoc*. It was not with structure, which was really funny, because when 3Com ended up buying US Robotics, these two companies couldn't have been more different. 3Com was the other extreme; all bureaucracy, all reports, metrics, all this stuff. Eric Benhamou, he was into total bureaucracy, and US Robotics was like I told you, “That's MBA talk. We hate bureaucracy. We're not going to have this stuff. We're going to do the right thing, do the right thing.” That was their motto. I said if one company was red, the other was blue. They were the opposite colors. They were the opposite in every way. If you wrote cultural attributes down of these two companies, it had all the makings of a failed merger, and it failed in the end. You could see why; these two companies had cultures that were diametrically opposed from each other.

**Weber:** And didn’t US Robotics start above a pizza parlor, or something like that?

**Dubinsky:** I don't remember their founding story. But I mean, God bless them, they did an amazing job. There were a lot of modem companies, and they won.

**Weber:** Yeah, they were scrappier.

**Dubinsky:** So, scrappy, and hustlers, and they did it. Then they sold out to 3Com when it was going over the cliff, and 3Com didn't figure that out, even with all their due diligence. It was amazing to me that , I could have told them that, and nobody called me, even though I knew people on the 3Com board. I didn't even know these discussions were underway. One day I get a call from my boss saying “We're announcing later today that we're being acquired by 3Com.” I said, “Really?” I couldn't believe it. I was on executive staff; I had no idea that these things were being under discussion.

  

**Weber:** And who was your boss at that point?

**Dubinsky:** Well, John McCartney, was that his name? McCarthy, McCartney? He was the CEO at that point. I think it was… or the COO of US Robotics. I think it was him, but I can't remember. All of a sudden, we were going to be acquired <laughs> by 3Com, and I go and I look on the list of 3Com, <laughs> and I know two of the people on the board of 3Com. I'm thinking "Interesting due diligence on the part of 3Com, that they know me, and they don't pick up the phone and call me."

When I asked them later "Why didn't you do that?" They said "Oh, we couldn't go around the management at US Robotics and talk to you directly. That would be improper." That was such a 3Com thing. They were so into their rules, and their bureaucracy, and their methodology, and so on. See, US Robotics would've called me <laughs>. So, these two companies, they had their very, very different strengths, and very, very different weaknesses. But anyway, that was what happened with the 3Com acquisition <laughs>.

And then the thing went over the cliff, and US Robotics bailed at exactly the right time. All those guys made out like bandits, and I presume they sold all their 3Com stock, or whatever, because 3Com went <makes falling sound> after that.

**Weber:** Yeah, no, they <laughs> finished as they started, <laughs> with a good deal and a good position, and... Let's see. Oh, the… so, the platform strategy. Kate Purmal, I don't know if I'm pronouncing it right?

**Dubinsky:** Purmal, yeah.

**Weber:** Came up a lot in *Piloting Palm*, but she was put in charge of creating the developer community, or being the rep, the rep to that, which sounds like that was a tough…

**Dubinsky:** Well, in the beginning, the platform was Zoomer-based, and that didn't go well because we didn't sell any Zoomers. So, that was not a great strategy. But with the PalmPilot, of course, it became a very good strategy, and we had a robust developer community. So, yeah, Kate was very instrumental in that.

If you sell a lot of devices,you can make a platform. Now, one of the interesting stories is that Jeff came and said… we had all these apps bundled in the PalmPilot. We had the calendar app, and the contact app, and all this stuff. Jeff came to me, and he said, "I want to put those in open source." I had experience in the software business, I'd been at Claris and Apple, and I said, "No way. You don't give away your source code. We're not doing that." He said "Yeah, we have to do that because that'll help people write apps for it much, much faster."

It took me a while to get my head around it, then I realized he was right, because we're trying to sell the hardware. So, the more we can enable more apps, the more people are going to want the hardware. So, I ended up saying "Okay, so we put our native apps into open-source directories and let anybody use them," and it caused an explosion of activity. People did advanced versions of the calendar, or the contact management app. People even took scroll bars and dialogue box code, and they were able to use it just to harvest bits of code to integrate and get up to speed.

It caused this incredibly fast development environment and Jeff was a hundred percent right about that and really taught me a big lesson about thinking more strategically, "What do you share? What don't you share?" and I just loved that the developer community did so many amazing things. We had an early developer in Africa do a wild animal tracker where bushmen would go out and there would be pictures of the different scat they would see and they would tap which one it was and it had some limited ability to track this. I can't remember how. They had a GPS module so they could track the location and then they would, when they would sync it back it would know what it found where and it would track these animals. People just did incredible things with that device.

I remember visiting a microfinance organization, nonprofit in Latin America, where the loan officers would go out to the field to check on their loans and they would check off things on it. They'd go back and they'd sync it to report what they learned. It was like a number of applications took off, and that was all because it was a development platform. We didn't talk about that, we didn't advertise that, but that was absolutely key.

**Weber:** And there was no competitor that had anything like that at that point.

**Dubinsky:** Absolutely not. There were some successful products out there. The Psion was a very successful organizer but it didn't have a development platform, and the BlackBerry had an email client but it didn't have a developer platform and there was nothing out there that had a developer platform with the kind of tools and capabilities that we had.

**Weber:** And analysts were already talking about wireless. You guys were getting people asking for that, right? I assume you know about the Nokia Communicator, which didn't sell very well.

**Dubinsky:** Well, the first cellphones had just started, so cellphones were just starting to get there. I remember I had an early car phone. You still had to plug it in your car. Wasn't really portable, but cellphones were just starting and they were growing fast, and you could see that cellphones were going to be a thing. There wasn't data yet in them, so they started out voice… first you got the SMS and texting early on, but you didn't have data over the air. You couldn't have done web and stuff like that, so it was just bursts of data, not wider-band data. But you could see some of these things in the future, and we didn't get around to that at Palm, but when we left and we created Handspring, then that was a big part of what we were about was integrating in that technology, because you could see it was just on the horizon. It was just starting then.

**Weber:** But do you remember the Nokia Communicator, I mean, you guys hired the guy who did the Psion…

**Dubinsky:** At Handspring we hired this guy Jerry Tu who was a GSM expert.

  

**Weber:** But no.  But Frank Canova, I think, was…

**Dubinsky:** Oh, yeah, I remember him.

**Weber:** …who had designed the Simon for Bell South.

**Dubinsky:** Oh.

**Weber:** He worked for you guys.

**Dubinsky:** Yeah.  I don't remember the details of what he worked on.  I think we were probably starting to think about 'phones but we were not very far along at Palm, no.  It was all we could do to keep up with dealing with this crazy situation.  I mean, here we were owned by USR, going through all that.  Then they sold us to 3Com and then  I went to 3Com when we got acquired by 3Com and I said, you know, "Spin us out. We don't belong here.  Spin us out," and Eric said, "No," and then I said, "Well, put us to the side. Don't integrate us.  We're running like crazy. You'll squash us if you integrate us."

The best decision he made was to put us to the side and he had us report to Janice Roberts, who was a great boss for us and looked after us and ran interference for us and didn't let the rest of the organization… they kept trying to crowd in on us and take stuff away from us and own various pieces of us and Janice would manage to hold them off, which was great, but we were struggling to keep up with the business.

In the meantime 3Com is getting into trouble, so the USR acquisition didn't go well, as I said.  Things start going downhill.  They start running into financial difficulties.  Then we'd get these edicts.  "Everybody cuts 10 percent of their budget," and I'd say, "Listen, we're the growing thing.  We're growing <laughs> like crazy.  You need to be strategic about this.  You need to cut the other things.  Don't cut us.  You need to give us more.  We're the <laughs> ones that are the future," and they'd say, "Donna, you are not a team player."

That was what I would hear from them over and over.  I started thinking of 3Com as the Communist Company.  It was like, "One for all, and all for one," and so it was that I was not a team player.  I was trying to make this Palm thing a success.  I knew we had a limited time to establish this as a leader.  I wanted to invest in it.  There were a lot of things we wanted to do and they wouldn't let us do it.

**Weber:** And at some point Microsoft started to appear as a threat.

**Dubinsky:** Well, Microsoft was always a threat.  They were always announcing things and never producing anything good.  They were an empty threat, but over and over and over again the analysts announced that, "Microsoft is going to wipe us off the face of the earth," and each thing that failed didn't dissuade them from assuming that the next one would wipe us off the face of the earth.  So we got used to that.  We ignored all that stuff.

  

**Weber:** And the naming. So you favored Comrade according to *Piloting Palm*. Taxi… well, tell me, do you remember?

**Dubinsky:** I don't remember. We liked Taxi a lot, but I think there was some problem with getting it and we couldn't get it, so that's how we ended up with Pilot, but then, of course, we ended up in this lawsuit with the Pilot Pen company, so…

**Weber:** And Pat McVeigh sounds like he was important person.

**Dubinsky:** Well, Pat was the guy that figured out the right sales strategy. He was our sales guy who had a theory, which I think was brilliant, that we should work with an exclusive retail partner rather than try to spread it to everybody, because the idea was that it would be a lot of volume in one place, and so it would get this perception of success as opposed to everybody selling one or two and nobody feeling like it was successful product, and that you'd want all the others to be clamoring to get it, as opposed to spreading it out… so it was a funneling strategy, which was a very smart strategy, so he did a deal with Best Buy as the exclusive launch partner. Best Buy then had a big success with it, which brought everybody else in to want to do it. That was all Pat.

**Weber:** And then Toshiba you found out… I guess there were some disappointments. You found out [that at] Toshiba, it had never gone to the proper people. There was some sort of deal that fell through because it had never actually been agreed by the highest levels.

**Dubinsky:** Yeah, I mean there were…

**Weber:** <laughs> There we lots of these. <laughs>

**Dubinsky:** There were so many of these. Honestly, I do not remember all of the various things. We've kind of moved past that now. We've talked about how, you know, we got acquired and we shipped the Pilot.

**Weber:** Oh, that was still before the acquisition?

**Dubinsky:** Yeah. I think all those deals were…

**Weber:** Okay. So I've got that after the acquisition by US Robotics, which makes no sense, does it?

**Dubinsky:** Yeah, I don't know.

**Weber:** Because you wouldn't be asking another company for... And the Dragonball glitch, the battery springs, that was in the initial production, right?

**Dubinsky:** Yeah, that was a crazy story where the memory at the time did not hold the data if the battery was disconnected, and we had a failure in the field that we patched and so we would ship the product with this patch that fixed the failure, but then we started having all these failures in the field and we couldn't figure out why these failures were there. We knew the patch was there, so why were these failing? And I remember struggling to figure this out. It turned out… did I tell you this story the last time? No?

**Weber:** I don't think so.

**Dubinsky:** Oh. And it turned out that the springs where the batteries were had lost some of their springiness. They were out of spec and they compressed and that would've been okay but the big change was we added a sticker to the bottom of the battery door to say, "Don't disconnect the batteries," and that sticker added just enough friction that when you put on that battery door it pushed those springs a little bit, they disconnected the batteries from the connectors and they would lose the patch, and so it was all as a result of putting this sticker on the battery door, which was just a crazy thing, but, this is where change control is so important in a manufacturing environment.

You need know exactly what's changed and when, and then things start happening differently. "Why did that sticker cause this change?" But I just remember that was horrible. I remember sitting everybody in a room and saying, "You are not leaving this room until you figure out everything that changed and what is causing these failures." It was just terrible. <laughs> These things were very, very hard to build at the time. This was all-new stuff. Did I tell you the story about the display and sourcing the display?

**Weber:** But I thought that's because it was also smaller than what they were.

**Dubinsky:** There weren't components of any of this stuff. There wasn't a category here. So, we were basically asking for things from our supplier partners that were new or different or, we had to spin up all sorts of different things and then try to manufacture them when there was no experience manufacturing things like this. And there were multiple radios. There was, IR [infrared] and, other things in the same package and they were all interfering with each other, and, there was just a lot of complexity in these devices. There is today, of course, more complexity, but [back then] there just wasn't any knowledge about how to build and source these things.

**Weber:** Now you got pager screens in the end.

**Dubinsky:** In the end we had a supplier of pager screens who built our screens, because they were big screens to them. Nobody else wanted to build these screens because they were little screens. They were little black and white screens and they wanted to build big color screens for laptops.

**Weber:** And then you had to guess at the number to produce, and you settled on 26,000, but it sounds like that was a pretty fraught decision, if you go...

**Dubinsky:** Well, how do you come up with a number? We had sold less than 10,000 Zoomers and none of them sold through, so, there were virtually zero from our previous product. As I'd said earlier, the number one product was the HP100LX, which was -- as I recall -- roughly 100,000 units, and so, , I don't remember exactly, but I could see that as an early order would make sense, something in that order of magnitude if we were forecasting 100,000 for a year. It was just an impossible number to come up with. You had no idea.

**Weber:** And then so when it came out though, talk about the success. What did...?

**Dubinsky:** It was a big success. The first three or four months, I can't remember how many we sold 10,000 a month maybe. A reasonable number but flat, for the first like three or four months, and we were watching it to see, "What's going to happen? What's going to happen?" And then after those three or four months, man, that line just shot straight up and basically everybody who bought one and fell in love with it told everybody else they should buy one, and it was this multiplicative effect.

Everybody who tells me, "Oh, I bought one of the first Pilots," I said, "Thank you for being our sales force," because we didn't have a big sales force. We had Best Buy, and basically everybody who was a customer sold this product. They sold it to their neighbors, they sold it to their coworkers. They showed it off. They were very proud to be early adopters, and they went wild as our sales force, and the line took off straight up after that. It was just amazing.

**Weber:** [In] '96 I remember walking into a meeting and people, <whispers> "Is that a Pilot?" <laughs>

**Dubinsky:** Yeah

**Weber:** It's the only time in my life I felt cutting edge.

**Dubinsky:** I know.

**Weber:** <laughs>

**Dubinsky:** I read those early user registrations. They were 95 percent men, 95 percent between the age of 30 and 40. Self-rated computer experts. It really was a very narrow… it was the definition of early adopters at the time, and this early adopter community became our sales force, and, people would say to me later, they would be complaining about something and say, "I sold so many devices for you," and I'd say, "Yeah, well, that's your job. You're an early adopter." And they would love it. I would rib them and they just loved it because they liked the label. <laughs>

**Weber:** And talk about the Gartner Symposium where you… promising Pilots for the attendees, but there was something at Demo where you got…

**Dubinsky:** Well, we launched at Demo [a conference] with our moms, so we…

**Weber:** Right. But they promised Pilots to everyone there.

**Dubinsky:** Yeah. Well, we sold them. You could order a Pilot at the…

  

**Weber:** Half price.

**Dubinsky:** At the Demo conference…- yeah.  I think it was something like that, and we demoed it and then we decided we didn't have a lot of money for budget, so we came up with this gimmick of the moms would launch it.  So my mom and Ed's mom and Jeff's mom all agreed to do this, and we put the three moms in little caps that said, "Moms for Pilot," and they had an order form, and the order form said, "I bought my Pilot from Jeff's mom," "Donna's mom," or "Ed's mom," so they'd check the one, and they would circulate during the intermissions and they would circulate in the morning and at the lunches, taking orders for the Pilot, and that's how we sold the Pilots, was "Moms for Pilot." <laughs>

**Weber:** And how did your mom do?

**Dubinsky:** We had a little contest amongst the three of them, and my mom, got to halfway through and she said, "I'm going down to the pool.  I'm done," and Jeff's mom goes with her…- the contest did not motivate them at all, but Ed's mom, <claps> man, <claps> she worked that <claps> thing.  She never stopped. <laughs>

**Weber:** So she came out the…

**Dubinsky:** Yeah, I'm sure Ed's mom would've won.

<laughter>

**Weber:** Ah, yeah, that was the Agenda Conference, right?  Yeah.

**Dubinsky:** Yeah, I think that's what it was.

**Weber:** And it sounds like September of '96 is when Windows CE… but that was the bigger threat from Microsoft, right?  Or you were already used to them by that point?

**Dubinsky:** Yeah, no.  It was over and over.  This probably happened five times that Microsoft made a big launch announcement that was going to kill us.

**Weber:** And then the backlit screens, sounds like it was an issue, but we-- I think we did talk about that.

**Dubinsky:** Yeah, that wasn't a big issue.

**Weber:** And then I'm a little… so the ad in the Milan train station, that was actually released after you guys left.  Isn't that when you had formed Handspring that they've released the ad, or is that earlier?

**Dubinsky:** I don't remember the timing of that, yeah.

**Weber:** But you were involved in that ad?

  

**Dubinsky:** I wasn't personally.

**Weber:** No?

**Dubinsky:** No. Ed would've driven that. He drove all the advertising and the marketing and stuff.

**Weber:** Okay. You just liked it.

**Dubinsky:** I thought it was a great ad but…

**Weber:** It is.

**Dubinsky:** Yeah.

**Weber:** Okay. And Letterman did something on it, I guess.

**Dubinsky:** Oh, I don't remember that.

**Weber:** <laughs>

**Dubinsky:** Sorry, I don't remember a lot of this stuff. <laughs>

**Weber:** And then the Pilot Pen lawsuit was somewhat more important for the branding.

**Dubinsky:** Yeah. We called the product the Pilot and then the Pilot Pen company sued us because it had a stylus on it, and so they felt we were trading off their name. None of us even made the connection. It was a total surprise to us. Was out of the blue. Nobody sat around and said, "Oh, yeah, let's use Pilot because then people will think they're buying a pen," you know. We're talking about a $1.50 item as opposed to a, $300 item, so, to us it was not the least bit the same, but they sued us, and I negotiated and negotiated with them, but they were not budging, so we ended up changing the name to PalmPilot and then just hoping they would go away.

So I think that did… I tried to build that into a settlement, but I'm trying to remember, did we actually settle or not settle, or did they drop it once we changed the name? If we'd kept the name just Pilot we would've ended up in litigation on it and we didn't want to go through that. It was early enough we said, "Let's change it now," and we changed it, and then ultimately that was a bridge strategy where we ended up dropping Pilot and went to Palm, so then it was the Palm III, and that was a deliberate strategy. We said, "We've got to get out of the Pilot thing so we don't have this hanging over our head," so we started with Pilot, we went to PalmPilot, and then we went to Palm.

**Weber:** Why not just call the first one the Palm I?

**Dubinsky:** Well, because we were already in the market with Pilot, so we had to…

**Weber:** But I'm saying why did you want to give it it's own name like Taxi or Pilot or Comrade or whatever? Why not just the Palm I?

**Dubinsky:** In the beginning?

**Weber:** Yeah.

**Dubinsky:** We just wanted a product name distinct from the company name.

**Weber:** And distinct from Zoomer and PalmConnect and..

**Dubinsky:** Yeah, right.

**Weber:** Okay.

**Dubinsky:** I mean, yeah. I mean, the company was Palm Computing, right?

**Weber:** Yeah. No, that makes sense. But you ended up going back to….

**Dubinsky:** We ended up having to go back to it. It wasn't our choice. Our first choice would've been to keep the Pilot name, but we were under this threat that just as a little company we couldn't have that.

**Weber:** And so then pretty early, even before you… they were bought by 3Com you were asking about spinning out.

**Dubinsky:** Oh, I was as…

**Weber:** You're talking to Frank Quattrone and…

**Dubinsky:** Well, that was at 3Com, not at USR.

**Weber:** Ah. Okay. I I had the note on consulting with him about a spinout on the eve of the 3Com merger, before the actual merger.

**Dubinsky:** Oh, maybe. So maybe I'd already said I hated it at USR, you know, "Spin us out, spin us out." I could've been on that tantrum, and then I went to 3Com and Eric said, "No," and then over time I got him to agree to have a committee and we brought in Frank and they evaluated it, another banker and they evaluated it, and they both said, "You could absolutely spin it out. It would be a success. It's a good idea." Frank came out much more strongly in favor of, "You should spin it out, because if you don't you're going to lose Jeff and Donna, and you really want to keep Jeff and Donna. It's too early in this business to lose the founders," and the other people, the other bank, I don't remember who it was, they were more sanguine about that. They said, "Yeah, right. Well, maybe. Maybe lose them. So what?" and so Eric decided to keep it and we left.

  

**Weber:** And so Janice Roberts you talked about a little bit, but, I mean, she did protect you guys.

**Dubinsky:** Oh, yeah. She was great. She was great.

**Weber:** And she had been the head of a hub maker absorbed by 3Com.

**Dubinsky:** Yeah, she had come in through an acquisition herself, and she was head of business development or something so she wasn't even a business unit. It was just a place to park us off to the side, because that's what I was begging for. "Just don't integrate us … Don't integrate my HR, don't integrate my finance. Don't integrate. Keep me as a separate business unit," because we were trying to move so fast and I knew it would've slowed us down terribly if we had to be in this standard product group where we're integrating everything across these entities, and I knew we needed a separate sales force. That the sales force that sold routers and hubs would not be the right sales force <laughs> to sell PalmPilots and, we had a development platform. That was different. Everything about us was different, so I said, "Don't integrate us. You'll kill us."

**Weber:** And the threat was, I mean, one possibility was you'd be totally absorbed, all of your people would be absorbed into other departments, but integrated, was there a middle ground? I mean, was that… when you say integrated do you mean fully absorbed into 3Com or...?

**Dubinsky:** Yeah. They could've just put us into a product group and we'd be supported out of finance or HR or whoever and just be a product team, but we didn't think that was the right thing for the business at that point, and 3Com was not… they didn't buy USR for Palm. At the end of the day they hardly knew Palm was there, and that was probably the most valuable thing they bought, so, it was very odd, <laughs> and that's probably why they never called me to do due diligence. "Well, who cares about this little Palm thing? That's just a little thing on the side."

**Weber:** I asked you last time a little bit about diversity, women in the industry, further back in your career, but what were US Robotics and 3Com like in terms of diversity and inclusion?

**Dubinsky:** I had my first woman boss, Janice Roberts. I'd never had a woman boss before, so that was unusual for me.

**Weber:** But was that unusual for them? I mean, was it a very macho culture? What was it like?

**Dubinsky:** Ah. They weren't macho. Bureaucratic was their culture.

**Weber:** Corporate… <laughs>

**Dubinsky:** They had this management dashboard that we were supposed to… as a general manager of a group I would get this, "Fill in these following things," and it would be how many presentations you made to corporations, how many this, that, the other. We'd have all these measurements. They were super into metrics, metrics, metrics and dashboards, and so I was supposed to fill this out, and of course I never did any of these things, because none of them applied to us. We didn't sell directly to corporations. We sold a different way. There was not a single one of these metrics that applied to me, so they would call me every month and I would say, "Zero, zero, zero, zero," and then I would say, "Just fill right." "Fill right on the spreadsheet. Don't call me again," and this drove them crazy because, I was not into these metrics the way they were into these metrics, but the metrics just didn't apply to me, that was more the situation. You asked me about diversity. I'm not answering diversity, but, it was just a really big bureaucracy, that company.

**Weber:** But, I mean, they… which maybe they did do formal diversity [and] inclusion stuff somewhere but lost in the… yeah.

**Dubinsky:** Well, it was early days of that kind of thing. We didn't even think about that stuff back then.

**Weber:** Yeah. I mean, DEC and Lotus were pretty early in a lot of that.

**Dubinsky:** Maybe.

**Weber:** And then there was the debate over licensing the operating system.

**Dubinsky:** Yeah.

**Weber:** And you wanted to do… you did do Symbol. You wanted ones that were not directly competing.

**Dubinsky:** I was interested in licensing people who were not competing, so we licensed Symbol. They did an industrial version of the PalmPilot. We did a deal with IBM where they were trying to do a corporate version. That was a big failure. It was ridiculous. They just used it as …

**Weber:** What do you mean corporate version?

**Dubinsky:** Like that IT departments could deploy to their employees, but the salespeople at IBM, they just treated it like a party favor. They would go in and give them out to people that they were trying to sell big hardware to, but the price point was not interesting to them, even in volume, so they just wanted to sell big iron, so the sales force never took it seriously, never sold any, so that was not a big success, but basically our strategy was to license people who were complementary.

3Com disagreed with us. They thought that was an Apple attitude from my Apple days of proprietary and all that stuff, and they felt we should license broadly [to] other companies and that we were …they wanted to be the Microsoft. They took the playbook from the last generation and said, "It's going to be the same. They want to be the Microsoft of this new world," and we should've said, "It's not the same playbook as before. It's different. It's much more integrated, and you don't want to separate those things out because it's so critical that they're developed together," and maybe later we'd want to do some licensing but the market is huge right now and right now we're running as fast as we can to meet the market.

There's just no reason to go out there and be, making competitors for ourselves. It made no sense, and to limit us to making a few dollars on an operating system instead of selling this whole device. We didn't think it made any sense. They argued with us about [it] all the time, so when we ended up leaving then we came and we said, "Okay. We'll take a license," and it was hard for them to say, "No," because they'd been really, really keen on licensing, and then we came in and we took about 30 percent of their volume like in the first few months of shipping the [Handspring] Visor and they stopped licensing. They didn't think it was such a good idea anymore.

**Weber:** Oh, they did?

**Dubinsky:** Oh, yeah. It was one licensee, and then they were done because they figured out that it wasn't such a good idea to do licensing, broad licenses, anyway.

**Weber:** Yeah, and the… right, IBM, Franklin also. Wasn't there a relationship with Franklin?

**Dubinsky:** Oh, yeah, I think we did something with Franklin Covey. They wanted to integrate their own methodology in it or something. They had one of those day planner things,.

**Weber:** Yeah, like a Day-Timer kind of.

**Dubinsky:** Yeah.

**Weber:** Well, the Palm V. Can we talk about that?

**Dubinsky:** Mm-hm.

**Weber:** The Razor and the VII. Oh, but this is also when 3Com's starting to go down.

**Dubinsky:** Yeah.

**Weber:** So the Razor was the sort of elegant, thin version of it.

**Dubinsky:** Right.

**Weber:** Do you want to talk, give a sense about what the idea was behind the Razor?

**Dubinsky:** Well, the idea of the Palm V was to build a beautiful product…

**Weber:** The Razor, right?

**Dubinsky:** Yeah. And basically Jeff's idea was no new features at all. Not a single new feature. Just make it gorgeous. Because what Microsoft was doing at the time was trying to kill us with features. So he says, "Go the opposite way. Don't try to out-feature Microsoft." Instead of doing that… because remember there'd been like that product -- the StarTAC -- that was a phone. It was not a smartphone but it was a phone. Extremely successful. Very slender, very good-looking. Sold for a real premium, and Jeff was convinced that this thing was as much a piece of jewelry as it was an article of utility and that since you carry it on you all the time, you care how your watch looks, you get to care how your handheld looks.

He was right about so many of those things. This was really Jeff's brilliance is all these insights into the product design process. So he decided to build a beautiful product and he worked closely with IDEO on this…I think it was IDEO… and decided to make it out of metal, when everything else had been made out of plastic. Decided to integrate the case right into it. There were a whole bunch of design decisions that made it very thin, very beautiful, and we charged more for it and it was a massive hit. He was totally right. People love the idea of something beautiful. It was a huge product.

**Weber:** Interesting. Yeah. There is a connection between fashion and mobile that's not true for anything else.

**Dubinsky:** That's right.

**Weber:** Yeah.

**Dubinsky:** You don't care if your laptop is beautiful or not. Honestly, you could care less, but if you're going to, wear a watch or pull this thing out… look at all the cases they sell for these, people try to personalize them. They're really personal devices.

**Weber:** Well, the Cray made their supers beautiful.

**Dubinsky:** Yeah. Right. That's right.

**Weber:** And then the VII, of course, was the first foray for you guys into wireless.

**Dubinsky:** Yeah, so that was…you were asking me about wireless before, and so that was our wireless effort. Now, that was not a phone. That was a data device and the data networks were not the least bit mature and they couldn't really do anything.

**Weber:** That ARDIS or some-- or Mo-- not MOBITEX.

**Dubinsky:** I don't remember which we used.

**Weber:** One of those.

**Dubinsky:** But you didn't have data over the cellphone networks, so you had data over specialized data networks.

**Weber:** Yeah, was a pager network of some sort, right?

**Dubinsky:** Yeah.  Right.

**Weber:** And you did all the web clipping and tricks to make…

**Dubinsky:** Youy couldn't have a lot of stuff go back and forth, so you had to do it in a clever way, which was to, just take bits of it, not all of it, and try to have a form on your device where you'd fill in information from some local stuff.  It was a way to try to do primitive web stuff when you didn't have the bandwidth.

**Weber:** And did you… i-Mode was already coming out at that period.

**Dubinsky:** I think i-Mode was pretty successful already, which was another data-only network.

**Weber:** That was phone as well.

**Dubinsky:** Oh, was it phone?

**Weber:** Yeah.

**Dubinsky:** All right. I don't remember that as well.

**Weber:** But I'm wondering, they did [have] their own compact version of HTML?

**Dubinsky:** Mm.  Yeah.

**Weber:** Scott Lincke.

**Dubinsky:** Yeah.

**Weber:** You remember him?

**Dubinsky:** Barely, yeah, little bit. <laughs>

**Weber:** Okay.  So he gave us, a couple years ago, a number… he worked on the VII…

**Dubinsky:** Yeah.

**Weber:** …and he also worked on what he said was a real smartphone prototype within Palm before Handspring.

**Dubinsky:** Oh, really?

  

**Weber:** So he gave us a couple of those.

**Dubinsky:** I don't remember that.

**Weber:** Do you remember that project at all?

**Dubinsky:** I don't even remember it.

**Weber:** Because he claimed that you were… just around the time you and Jeff left, that they were working on the successor to the VII…one with voice internally.

**Dubinsky:** Might've been, and then they just decided after we left to focus on, the core product line, because they didn't have a phone, and when they ended up buying us back after we created Handspring, they didn't have any phone stuff going on and they realized that they'd missed that, so, maybe there was a residue project that fell apart after we left, but that… it certainly wasn't a big thing for them down the road. They weren't into phones at all.

**Weber:** You know, at some point I'll send you and Jeff maybe a picture of what he gave us.

**Dubinsky:** Yeah.

**Weber:** Because I'm curious if you remember it.

**Dubinsky:** Yeah, you could interview Joe Sipher about it. He would probably know all that stuff.

**Weber:** Who, Jeff?

**Dubinsky:** Joe Sipher.

**Weber:** Okay. And so then you're up to the dispute over the name, the Palm… with Microsoft over Palm PC and all that.

**Dubinsky:** Oh, God, I forgot about that dispute. Microsoft, one of their products they shipped they called the Palm PC when we were Palm Computing and our product was called the Palm. <laughs> They shipped the Palm PC and I said, "If Pilot Pen can sue us for a totally unrelated product category, it seems we can sue Microsoft for a totally related product category," so, it was ridiculous and we told them to stop and they wouldn't. We'd had this dispute with Pilot Pens in Europe, in Germany, and so we said, "Well, that's where we're going to go, to Germany." So we went to Germany and we sued them in Germany, and the German court came in our favor and made them pull them off the CeBIT floor, so they had to go in and take down all their stuff on the eve of CeBIT, so they had to drop the name, but it was ridiculous.

**Weber:** Pretty aggressive, and then you got the offer from Steve Jobs.

**Dubinsky:** Ah, wasn't a serious offer, but…

**Weber:** Well, the inquiry.

**Dubinsky:** The inquiry, yeah. Steve Jobs called and said he was interested in buying Palm, and but this was at Palm, right, yeah. I was at Palm.

**Weber:** Well, you were trying to spin out from 3Com still.

**Dubinsky:** Trying to spin out and he's…

**Weber:** Did he know that or he just called out of the blue?

**Dubinsky:** No, he wouldn't have known that, but he just wanted to buy it from 3Com. He wanted to go to 3Com and he wanted to go with my blessing to 3Com to say, "We want to buy it," and I said, "I'm not enjoying having a boss now. I don't want to just have a different boss". But one wonders what would've happened in the greater scheme of history had we gone ahead and done that. That would've been interesting, but I doubt Eric would've sold it either. I mean, Eric wouldn't let us spin out.

**Weber:** And how much had you worked with Steve Jobs back at Apple?

**Dubinsky:** Oh, I'd worked with him a bit.

**Weber:** Okay.

**Dubinsky:** I knew him. In fact, he calls and I'm, "Hey, Steve, how you doing? It's been a while," and it was no small talk with Steve Jobs. He said, "I'm calling to see if you would sell me Palm… if you would sell." <laughs> No small talk. <laughs> I thought, "Oh, nice to check in with you again too." <laughs>

**Weber:** But how would he have been… <laughs> I mean, did you have… you were neutral about him. It's just you didn't want to work for someone else.

**Dubinsky:** Yeah.

**Weber:** I mean, your relationship with him from Apple. Good, bad, neutral?

**Dubinsky:** I don't know. I remember this was when Apple wasn't in great shape either, so it's not like Apple is the company they are today. They were in a down period, let's say.

**Weber:** Okay. So then you make the decision to leave, and I guess that's where Jeff felt a little surprised you had impulsively said this.

**Dubinsky:** I resigned and called him and told him I resigned and he hadn't agreed to that, <laughs> so he was little disturbed <laughs> by me resigning for him. <laughs> Oh, well.

**Weber:** But you guys had talked about it a lot, but I guess it's different than pulling the trigger, yeah.

**Dubinsky:** Well, yeah. it was like, "If we don't get to spin it out then we're going to leave." "Would we start a new company? What would we do?" We'd had a lot of conversations like that, but the day I actually did it, he wasn't with me. <laughs>

**Weber:** But did you… were you planning to do it that day or had just you…

**Dubinsky:** I don't think so.

**Weber:** You reached the end of your rope.

**Dubinsky:** I think I was having a meeting with Eric and he was telling me, "No, we're not spinning out. It's not going to happen" y. I'm sure then I just said, "Then I'm done," and he was basically, "Don't let the door hit you on the way out. Bye."

**Weber:** Okay. So it was more spur-of-the-moment?

**Dubinsky:** Yeah, I expect it was.

**Weber:** Take this job and... <laughs>

**Dubinsky:** I didn't think we could succeed there. The walls were crushing in on the 3Com machine and I just didn't think we could succeed. I knew we could do much more and we couldn't do it there. Like I told you, I was getting calls from people telling me to cut my budget. I thought, "No. This is not what we need to be doing." I got no support in that organization for what you needed to do to create this leading product and leading company. I knew what we needed to do, and they wouldn't do it.

**Weber:** So then tell the Handspring story.

**Dubinsky:** <laughs> The Handspring story. So we created Handspring. Came up with the name after I thought, "Last time we were Palm; this time we can be 'hand'." So that's how we came up with Handspring, and Jeff at that point was convinced that phones needed to be integrated into these devices, so day one it was going to be about phones. We hired this guy, Jerry Tu, [who] was like our sixth or seventh employee. He was a GSM expert, so we invested day one with it. We had several people who were really key who came with us.

**Weber:** Can you name the main ones?

**Dubinsky:** Well, Ron Marianetti was really key, who was writing the whole operating system. Art Lamb, who'd been one of the Palm founders was key. There were a few key people, but it was…

**Weber:** Joe Sipher also, right?

**Dubinsky:** Joe came later.

**Weber:** Okay.

**Dubinsky:** Rob Haitani, yeah.

**Weber:** Haitani.

**Dubinsky:** I can't remember the timing of these people, but I remember pressing the button to say, "Jeff and I are leaving," to send an all email, and Ron and Art were in my office within an hour saying, "We're coming too," and I said, "Okay," and then so many people wanted to come. So I started printing out and collecting the emails from everybody who wanted to come with us because I knew the day would come, and it did, when a lawyer from 3Com called me and said, "You've got to stop taking people from us," and I said, "I've got the folder for you. It's right here. Any time you want to send a lawyer over to look at it. I am not soliciting these people. They are begging me. They are begging me, and you know what? Slavery is not legal, so you can't keep them if they don't want to stay, and I am not poaching them." So I had the folder. I think they sent a lawyer over. They read my folder and I never heard from again because they had no case.

I remember, Shawn Ford, our QA guy, Shawn called me and said, "I want to come," and I said, "Shawn, I just can't do that right now. I've taken too many people. I can't. They're all over me. It's very dicey." He said, "Okay. I understand." Shawn calls me the next day. "What's up, Shawn?" He says, "Well, I quit yesterday, so I'm ready to come now." I mean, literally. I'm like, "Okay. Come on." What are you going to do? We needed a QA person. We knew him. We loved it. Of course we wanted Shawn, and it was, people who wanted to work with us. We weren't stealing them.

**Weber:** <laughs> So you got offices and...?

**Dubinsky:** So we got rolling. We got offices. Jeff came up with the idea to do them [the devices] in fun colors, … we decided to go lower-end, go under Palm, try to have a lower price point, more fun, younger people.

**Weber:** And you didn't disabuse the press of the notion you were doing like a kids' handheld or something, or educational?

**Dubinsky:** It wasn't really kids.

**Weber:** No, no, but you used that as a smokescreen.

  

**Dubinsky:** Oh, yeah. There was kind of a smokescreen that we're doing something educational, but it was really more just hipper and more fun and less staid feeling and we did the colors. The iMac had come out with the colors, so there was a little bit of noise from Apple, "You can't do colors." I thought, "What…?" I don't think anybody can like protect colors, so--

**Weber:** Trademark colors. <laughs>

**Dubinsky:** You can't trademark colors, so, the…

**Weber:** No, you can't.

**Dubinsky:** And they flew off the shelf. The big idea was the slot. When he'd written the first Palm OS, Ron Marianetti, he had integrated some functionality that we never used that we could build this slot architecture on.

**Weber:** Because it was meant to have two memory cards…

**Dubinsky:** Right.

**Weber:** …but you only had one, so the OS…

**Dubinsky:** Could handle a second, right. He knew that and could design functionality on top of that that took advantage of that at Handspring, so we built this slot product and the idea was a hardware slot much like the software platform. Now, it was a hardware platform. You could plug in all sorts of things, and we went to IDEO and they did a camera and that was the first time you could take a picture and send it somebody in the same device. It was a huge thing, and so we had a lot of fun with the different modules. You could put in even a memory module. You could put in some content, play content, music, whatever. So there were a lot of different modules.

**Weber:** MP3 player, yeah.

**Dubinsky:** Yeah, MP3 player. We had a lot of different modules and we had these fun colors and we had a low price point and it was a compelling product offering, and while we were working on the phone secretly, so the idea was…

**Weber:** On the 180.

**Dubinsky:** The big idea was the phone.

**Weber:** Oh, oh, the Visor phone, before the 180.

**Dubinsky:** Visor phone. We're going to be building a phone module. That was the initial idea, so we have the module capability. What we really want is a phone. We know we don't know how to do that.

  

We know it's going to take us a while. In the meantime we're going to do all this other stuff and build a business and get some cash flow going, but the big idea was the phone. So it was a brilliant strategy, because it had, elements that you could execute easily, cheaply, were fun and brought us enormous cash flow.

We were phenomenally successful, and then we had an even bigger idea in the can that we were working on on the side. We did a hundred million dollars in the third or fourth quarter. We became actually the fastest growth company in American business history at the time. It was absolutely stunning that we were such an enormous success. Literally a hundred million dollars a quarter for a new company. It was amazing.

**Weber:** And you took 30 percent of the market share, right?

**Dubinsky:** Yeah, we took 30 percent from Palm overnight, and it was a massive success. It was fun. It was a rocket ship. It was crazy. I remember one sales guy saying to me once in those days, "You know, these are the good old days, only this time I know it."

<laughter>

**Dubinsky:** It was really craziness.

**Weber:** So even more exciting. Well, it was more exciting than Palm because you weren't, I mean, talked about the funding. You guys put in some of your own but you also got venture capital under new terms.

**Dubinsky:** Bruce Dunlevie showed up with a check to us. The day we announced we were leaving he showed up with a three-million-dollar check, no questions asked. It was made out to Hawkinsky Devices. It was crazy that, the PalmPilot had put us on the map. We were a success. We had no problem raising funds then for that product, for Handspring. That was easy to raise money.

So we weren't working for anybody. We weren't dealing with the 3Com bureaucracy. We weren't dealing with USR cowboys. We weren't dealing with, this or that. We could just chart our own course and go as fast as we could go and, now, didn't mean we didn't screw up. We screwed up on our own in several key ways, but we were on our own doing it.

**Weber:** Jim Clark is sometimes given credit for changing the structure of ownership [so] that, you know, founders could get a bigger percentage.

**Dubinsky:** Mm.

**Weber:** That with Netscape it kind of changed some of the rules of venture capital. But, I mean, in any case, I mean, that doesn't ring a bell, it doesn't look like, but the…

  

**Dubinsky:** I don't even remember the valuation that we had and what we got for it. I don't even remember those details.

**Weber:** But the… but you structured it in a way that you, Jeff, and then later Ed could keep much more control than would've been traditional at some point before.

**Dubinsky:** Well, we didn't have super voting or anything. That came later.

**Weber:** Okay.

**Dubinsky:** That was like a Google thing that, …

**Weber:** But you ended up with far more than you would've been offered in the… when you did Palm, right? The three of you kept more control.

**Dubinsky:** Yeah, well, Palm, had much lower valuations. We had no success then. We had multiple rounds. We would've been diluted, so yeah, at Handspring, we were in a position to get a higher valuation and therefore dilute less as we capitalized the company. But, when we ended up getting bought by Palm and went back merging with Palm later, I ended up with the same percentage of Palm that I owned at the first time around, which was a crackup to me that I ended up in the same position, because we did own much more of Handspring because we got higher valuation. So we could give away less of the company.

**Weber:** Okay. But you ended up back where you started. Right. And then so the phone is really the next story.

**Dubinsky:** Well, no. The real story, the next big story, really is the website disaster.

**Weber:** Oh, right, right. The mother of all websites…

**Dubinsky:** …we had an enormous mother of all websites, MAWS. This [is] the internet age now. That wasn't the case as Palm.

**Weber:** But 3Com, didn't they…

**Dubinsky:** Oh, yeah, there was that too, but...

**Weber:** Tell that.

**Dubinsky:** Yeah. But first was the MAWS debacle. It was now the internet age and we had many people convinced that, we didn't need to be in retail. That was too expensive. We didn't need that inventory. We didn't need to get the retail market, and we were just going to sell directly, and we were going to do it on a website. But web transactions were not really there. Web pages were essentially brochureware at the time. You could put up web pages, give information, but the ability to enter a credit card and take an order and process and order and all that stuff was very, very immature, and we created this website and the bottom line was we launched the product and it didn't work, and we took lots of orders and we had, no ability to ship the orders and to collect the cash, and it was almost Christmas and everybody had promised these devices for Christmas and we had this enormous, crushing demand.

It was a hit out of the gate, and we just had a mess. We couldn't fill our [orders].

I remember we charged people multiple times on their credit card. I personally mailed checks to some people who, didn't have their rent money or something because we'd mischarged them. We would ship to anybody we thought had ordered and said, "Keep it," whether you ordered or not. It was awful.

I remember we hired these two guys from Canada to come in as consultants who ended up working for us because they were great, and, they had to straighten out this website and get it working again and it was a very specialized expertise at the time. There just were not a lot of people around who knew how to do that. There was terrible press, "Oh, Handspring…" self-immolation sort of press. It was entirely our fault. It was assuming this technology would work and it did not.

**Weber:** But do you think that really cost you in either customers or somehow?

**Dubinsky:** I think it was a setback but it wasn't a lasting setback. I think we recovered from it, but it was definitely a setback. We would've been soaring even more if we hadn't, stubbed our toe out the gate.

**Weber:** Were you aware of what was going on at Palm during all this? Presumably, yes. Pretty aware.

**Dubinsky:** Not super aware. We were pretty separate and we were scrambling. I had negotiated a license with them. The guy who was my BD guy I now negotiated with, Mark Burcow, who's remained a friend, and I negotiated a license with him, but other than that we really didn't have substantial amount of interaction with those guys and we were competing with them out in the market.

**Weber:** How about Carl Yankowski?

**Dubinsky:** Well, they had a succession of people who ran Palm. Carl, and there was Robin Abrams and there was whoever. They didn't have anybody stay very long. They brought in a 3Com guy for a while. It was a revolving door. They'd lost a lot of people to us. They started making mistakes. They were over-building relative to there was a softening in the economy and there was sort of a recession on the horizon, and so they started having their own troubles. They did very incremental products. They didn't really do any big, new products. They were sort of churning the wheel, so, you know, they had a lot of turnover there. We were focused on our future. We weren't really focused on them.

**Weber:** And so talk about the phone and the...

  

**Dubinsky:** When we did our first phone it was called the Visor phone and it was hard to get the GSM technology.  You couldn't buy the radio separately, and everybody had control and standards and all that stuff.  We ended up getting it from a French company that I was actually trying to remember their name the other day and I couldn't remember it.  A small startup company.

**Weber:** Oh.  I think I wrote it down.  No, Belgian.  Option International?

**Dubinsky:** Option International.  That might be their name.

**Weber:** Belgian radio tech…

**Dubinsky:** Yeah.

**Weber:** I mean *Piloting Palm* says, "a Belgian radio technology company, Option International."

**Dubinsky:** Okay.  That might've been them.  Anyway…

**Weber:** But that didn't work well, right?

**Dubinsky:** The whole product didn't work well.  The device didn't work well, the, software didn't work well.  I mean, it was almost an experimental product at that point.  Now, remember, nobody had these products out.  There were voice-only products out but nobody had voice [and] data products out, so it was really, really plowing new ground here. <laughs>

**Weber:** Because the BlackBerry was still, I think, connected…

**Dubinsky:** Was email, was data.

**Weber:** Email and pager…

**Dubinsky:** Yeah, VisorPhone was a good learning product.  We learned a lot from it.  What to do right, what to do wrong.  We had all sorts of RF issues we had to deal with.  There were a lot of antenna issues, things like that, so then we did the first Treo, which was like the Visor form factor.  It wasn't the candybar form factor, and it had a flip lid and had a little antenna sticking out, and that, that was better.  That definitely was a better product, and then I'm not sure at what point, but that might've been the point which we switched to CDMA, and CDMA seemed like a harder bet at the time because it wasn't as widespread and there were only a few companies that used CDMA, but it had some technology advantages to it that made it a good choice, and I had to go do a very special deal with Qualcomm, because Qualcomm had never imagined smartphones and the way that they charged royalties was a percentage of the phone, and our phones…

**Weber:** What do you mean a percentage of the phone?

**Dubinsky:** So if you sold a phone for a hundred dollars, you'd have to pay Qualcomm…

**Weber:** Okay, yeah.

**Dubinsky:** …17 percent, $17.00 on that phone to get all the technology embedded in CMDA, and what I realized was that the problem was that for the same phone that somebody else would sell for a hundred dollars we going to sell for $300, because it had a lot more in it. It was the software for the phone. It had all these things.

**Weber:** Oh, so the percentage would be the same.

**Dubinsky:** So the percentage made no sense because we were buying the same functionality, so it should be more on an absolute basis than on a percentage base. Anyway, I had to go to Qualcomm and to their credit they said, "Okay, this is different. We're not going to impose the same structure on you guys that we do…" because we never could've done CDMA if they would've said, "It's the same percentage no matter what," and so I did the first smartphone deal with Qualcomm to restructure the royalty in a way that still gave them the phone piece of it that they deserved but not compensating them on all the stuff that had nothing to do with the phone. So we did a deal like that. I can't remember which device we switched to CDMA, but along the way we switched to CDMA. We did a deal with Sprint as an exclusive carrier partner, so we did some of the early launches with Sprint and they were CDMA, so that was the path we took down those phones.

**Weber:** So the 180 was just CDMA then?

**Dubinsky:** I think that's right. Not a hundred percent sure.

**Weber:** And the 600 was...? I think it was both by then.

**Dubinsky:** Right. Yeah.

**Weber:** But what about Europe though? Because CDMA was South Korea and the States.

**Dubinsky:** Yeah, we just couldn't go to Europe. Yeah.

**Weber:** Okay.

**Dubinsky:** Yeah. That was one of the tradeoffs of going to CDMA was the problem was it was basically US-only.

**Weber:** And going from the 180 was quite small with a flip. The Treo is more solid. Why or what was the logic to get away from the flip? Just simpler?

  

**Dubinsky:** Trying to remember… the stick phones had taken off in the phone-only space, and so they called that the candybar form factor and it looked like that was big, and so when the Treo 600 came out… that was the first high-volume one, was the Treo 600 when… in the candybar form factor … it's funny now when you think back, but people, that wider phone, it just didn't feel like a phone to people. It felt awkward. They felt very geeky holding that up to their ear. They didn't like the way it looked. Now, of course, everybody's holding up these big things to their ear. Nobody cares. But at the time that was viewed to be problematic, and so the slim, the candybar form factor, was viewed to be the right form factor for a phone, so that's why the Treo 600 ended up closer to that.

**Weber:** And Kyocera, you don't remember the…

**Dubinsky:** I don't remember that deal at all.

**Weber:** The deal with that. That was my first smartphone.

**Dubinsky:** Oh.

**Weber:** Was a Palm OS Kyocera.

**Dubinsky:** Oh, that's funny.

**Weber:** Was pretty good, actually.

**Dubinsky:** Well, that might've been Palm licensing the Kyocera.

**Weber:** Yeah, that's true.

**Dubinsky:** That might've not been us.

**Weber:** That was a different…

**Dubinsky:** That wasn't… maybe not us at Handspring. I don't know.

**Weber:** That's probably true, because you couldn't license the Palm OS.

**Dubinsky:** No, we couldn't license the Palm OS.

**Weber:** You're a licensee.

**Dubinsky:** We were a licensee.

**Weber:** Yeah.

  

**Dubinsky:** Right.

**Weber:** And then the 3Com timing the announcement of spinning off Palm to hurt the Visor…

**Dubinsky:** Yeah, they timed that when we were doing a launch of something or other. I don't remember. We had asked them and asked them to spin off… and theysaid, "No," and then after we left they decided to spin off… well, this is back when they acquired us back. We have to talk about the lease because that's why they ended up acquiring us, is we got in trouble with a lease. We were growing like crazy. As I said, we were [the] fastest growth company in American business history at the time and of course we were exploding at the seams and hiring people like crazy, and so I went out and did a lease with these two new buildings going up in Sunnyvale so that we could have a campus, so that we could all be together, so that we didn't have to spread out in the crazy way I'd experienced at Apple where everybody was in all these different buildings and all this stuff.

I thought I was really looking ahead to this rosy future, and just after the lease was signed, we hit the skids on a recession and Palm had been accelerating in the recession. We had been cooling our production because we could see this coming, but they hadn't, so they had massive inventory. So then they started price cutting and I thought, "I'm not going to go follow them down this rat hole and price cut because it's just a price war," but I could only last so long when all of a sudden I started getting inventory problems so then I had to join the price war and so it took all the margin out of the business and all the volume out of the business.

We suddenly ran into this huge trouble and I had this big, new lease debt, and I had to get out of this lease, and I'll never forget Bruce Dunlevie, same old Bruce, coming to me and saying, "You're going to have to file bankruptcy," and I said, "What are you talking about?" We'd gone public. We'd put money in the bank. He said, "You're going to have to file bankruptcy, because the only way to get out of the lease is through bankruptcy, because the lease holder is entitled to a cap of 15 percent of the value of the lease," and so the only way to get out of this thing was to basically hire bankruptcy counsel and prepare bankruptcy filing because the leaseholder had to be convinced that you would file and that the max they would get is 15 percent.

So he said, "You'll settle on the courtroom steps," and he was exactly right. I kept negotiating, negotiating. I got a bankruptcy filing all prepared. I went all the way down to literally the day I was going to file the thing and we settled to buy out of the lease without going bankrupt at roughly 15 percent, which I knew we were going to have to pay either way. Question was how close could we get to that? That took our big cash from our public offering.

So all of a sudden we paid all of our public offering cash on this lease and that weakened us terribly and that's what set us up for the ultimate acquisition back by Palm because really the two companies had kind of separated. They had just done iterative products and sort of the same old, same old, but better and better incrementally. We'd gone off in the phone direction and were making that a big part of our future and hadn't iterated so much the core products, so they were losing share. But we were getting ourselves quickly established and knowledgeable in the phone space, and so we weren't actually that redundant.

  

You could really put the two together. They would be the base hand-held business. Our team would come in and build this phone business, which everybody was clear at this point it was the future. They hadn't invested anything in it. They knew nothing about radios. They knew nothing about networks. They had no carrier relationships, nothing, so we brought all that. We ended up in that negotiation getting 30 percent of the combined company when we had less than 10 percent of the combined revenue at that point. We really had a strong leverage position to get a reasonable size of the combined company.

**Weber:** And the lease problems were the summer of 2001 roughly when the crash…

**Dubinsky:** Yeah. Yeah, that was when the crash hit us.

**Weber:** …was really hitting.

**Dubinsky:** Right.

**Weber:** Okay. But tell me about the moment thought that the Handspring stock stayed up, while everything else went down in the crash for a while, right?

**Dubinsky:** Oh, it went down too eventually.

**Weber:** But there's the moment you realized, or someone told you, you were billionaire on paper.

**Dubinsky:** Oh, I was a billionaire on paper for brief moment. That was during the lockup period where I couldn't sell anyway, so it didn't matter, you know.

**Weber:** Right. But you couldn't do anything with it.

**Dubinsky:** There was such excitement about our IPO that the stock zoomed… we were worth more than GM at one point. It was crazy, and I remember that I said something to a reporter my quote was, "The stock price was an out-of-body experience," and she printed that and I got such hate mail for that, it was unbelievable. It was everybody who wanted to prop up the stock price didn't want me saying, "It's not real," and I think of that moment often because CEOs are not supposed to prop up theirthe stock price artificially, and here were my investors complaining to me that they wanted me to do that. I knew it was a ridiculous valuation at the time. I knew it. So what do you do? If you say that, then you get in trouble, and then if you don't say that then you're accused later of not telling the truth. I don't know. It was a no-win situation. It was really bizarre. Yeah, it eventually came down. <laughs>

**Weber:** Yeah. And the name Treo came from what, 3-in-1 or something?

**Dubinsky:** Yeah, 3-in-1, exactly.

**Weber:** Yeah. So pager, smartphone, organizer.

**Dubinsky:** Yeah. Organizer, phone, email or web. I'm not even sure which. There's four things there, but it was three of those, yeah.

**Weber:** So the Treo is when you guys started to have to negotiate with carriers, and *Piloting Palm* says Jeff wanted do a big screen before that. It's the carriers that wanted to add buttons. That's also in the period he went… he liked the BlackBerry keyboard and adopted that.

**Dubinsky:** Mm, yeah.

**Weber:** But, I mean, what was the vision before the carriers stepped in of something with a bigger screen? More like an original Pilot or Visor or what?

**Dubinsky:** Well, you couldn't sell without the carriers. I mean, it had to be on a carrier network.

**Weber:** Sure.

**Dubinsky:** So there was no option there.

**Weber:** No. I'm just curious what his… what were you guys talking about before the carriers?

**Dubinsky:** I don't know on the product side.

**Weber:** Okay.

**Dubinsky:** I mean, a lot of your questions about product stuff, which I was not…

**Weber:** I know, I know.

**Dubinsky:** Was not my focus, you know, but you had to work with the carriers in order to sell the thing and you had to go through their stores. That was the way they were sold then. You couldn't sell it separately from the Sprint store or the AT&T store. That was the way phones were sold.

**Weber:** The Visor phone you could sell that way because it was sort of sneaking in as an accessory.

**Dubinsky:** Yeah, was like a module. Like an accessory, but even that, I'm not sure how we did that, because it would've required a carrier contract, so, to get a carrier contract you had to go to the carrier, so I'm not sure. I don't remember exactly how we did the Visor phone. We didn't sell many so it wasn't big deal, but I do recall many conversations with Sprint that were crazy one of them is in the the Visor movie story, the "Springboard" story, about how we went to them with this camera and showed them this camera option of taking this picture and then sending it and "How cool is that?" They said, "No, we can't have that." We said, "What do you mean you can't have that?" They said, "Well, our other phones don't do it. We need to be able to do it [on] other phones…" We said, "No, this phone can do more. You want to have more features,.. They said, “If you want to take a picture, you have to take a picture. Store it up in the web, send an address. Person goes and gets it in the web. You can’t just send it,” and it was crazy.

So we were constantly negotiating with these carriers and they were very regimented about the functionality that we could offer that would fit in their system the way they wanted it to work, and they were not at all flexible about that. That was, to this day, I hold, the big success of the iPhone… was not the product itself. It was much less featured than ours. Our products were much better for years than the iPhone but it was the relationship with the carriers. Steve was able to go in and say to the carrier, “We’re going to do the product we want to do, and keep your nose out of it,” and that was what created the right dynamic to do the sort of innovation that needed to be done. We didn’t have that market power. Us saying, “We’re going to do it”, they’d just laugh. We had to meet all these different criteria of theirs that Apple didn’t have to do because they had a different relationship with AT&T. They did an exclusive deal with AT&T.

**Weber:** But Sprint was your main carrier.

**Dubinsky:** Sprint was our main one. We went to others eventually.

**Weber:** But you weren’t coming in with a big negotiating…

**Dubinsky:** Yeah. Right.

**Weber:** And so you came out roughly the same time as the BlackBerry 5810, which I think was the first sort of smartphone.

**Dubinsky:** I don’t remember that one.

**Weber:** But did you see them as competitors?

**Dubinsky:** We would meet with RIM. We thought RIM did a great job. They nailed email and they nailed that as an important app earlier than we believed it would be an important app, so they got that right. I got to go see the movie and see what the movie says, but I we didn’t have extensive discussions with RIM that I recall.

**Weber:** And Ericsson? No discussion.

**Dubinsky:** I remember we had discussions with all these guys. I remember going to Nokia. That’s the one I remember most clearly, where we had this idea that we could work with Nokia and they would sell the phone in Europe and we would sell the phone in the US. So we could do a partnership like that with them. I went to talk to them about it. I went to Finland. I met with the head of BD in Helsinki and I took a Treo with me -- it hadn’t been announced yet -- and I put it on the table and I told the guy I wanted to talk to him about it. Guy wouldn’t even look at it. Wouldn’t give me time of day. Had no interest it. He basically said, “That’s a niche. Nobody’s going to ever buy those things.” That was what Nokia, the leader in phones, said about smartphones. "That's a niche." I wrote an article about this. I called it like, "My Kodak Moment" or something. It was like the story that I heard about people who said to Kodak, …

**Weber:** Yeah.

**Dubinsky:** "The film cameras, it's…"

**Weber:** Or the IBM, "You'll never sell more than…"

**Dubinsky:** Right. Yeah.

**Weber:** And you're sure they weren't trying to be secretive because they were working with Symbian already, I think, right?

**Dubinsky:** Nokia never did anything in this space. The phone… think about it. When we entered the phone business the leaders were Nokia, Motorola. I mean, Sony. None of these guys are players today, so essentially there was a massive discontinuity from the phone business to the smartphone business where companies that understood software evolved to a different place than the companies who did not have that as part of their DNA.

**Weber:** The Nokia Communicator in '96 didn't sell very well and it did have an organizer. I wonder if they had decided that was a dead end or something.

**Dubinsky:** Yeah. Well, it was kind of like Casio with the Zoomer. They decided it was a dead end and they walked away from the whole category. So they had one failure and they walked away and we viewed those as learning along the way of something we knew was inevitable.

**Weber:** And the Ericsson phone, that was a Symbian smartphone.

**Dubinsky:** Oh, probably, yeah.

**Weber:** You weren't looking at the… the Danger. What about the Sidekick? I mean, that… there were some that had a sort of BlackBerry keyboard and wireless.

**Dubinsky:** Yeah, there was the Danger, there was the EO product from GO, the spinoff from GO. There was a lot of noise in the category.

**Weber:** And the Palm i705 was, I think, the Palm VII successor.

**Dubinsky:** I don't remember.

**Weber:** I don't know. Okay. So then in October 2003 the hardware division of Palm came back and joined Handspring.

  

**Dubinsky:** They basically sold the software. They spun off the software to ACCESS in Japan.

**Weber:** Oh, that was already ACCESS? In 2003?

**Dubinsky:** Well, when they combined with us… it was a simultaneous transaction.

**Weber:** Ah.

**Dubinsky:** Our business combined with the Palm hardware business and the software business got spun off… no. I guess they hadn't sold to ACCESS yet. It got spun off as a separate entity, so there was PalmSource. So that was PalmSource, and then there was Palm, which was a separate company composed of Palm hardware and Handspring, and we were a licensee of the Palm OS from PalmSource.

**Weber:** Right. Because I have [that in] 2003 you re-merged with the hardware; 2005 was the sale to ACCESS.

**Dubinsky:** Okay. That's probably right. Because PalmSource basically failed, so…they licensed to us. That was this whole big idea that it was going to be the Microsoft, which I always said is a bad idea, and it turned out to be a bad idea. It never happened. It never became a big entity. They tried. They were not very helpful to us. We were their only customer and we couldn't get the things we needed out of them so we had to start developing a separate OS so that ended up being the Palm Pre over time, but we just weren't getting support from them and they were licensing competitors and they were no longer interesting to Palm. So the decision to spinoff the Palm OS to a separate company was why… and people say to me, "Why is it Apple who owns the smartphone business at Samsung and not Palm?" That's why.

**Weber:** Because the identity was the software in many ways.

**Dubinsky:** The software was what it was all about, and they gave it away.

**Weber:** Yeah. But you were licensing to only you guys? I mean, Clié or whatever the Sony-- C-L-I-E, it's like a French, you know?

**Dubinsky:** I don't know.

**Weber:** It was a best-selling Palm OS thing. Okay.

**Dubinsky:** Don't know.

**Weber:** I'm just saying there were other…

**Dubinsky:** Sorry.

  

**Weber:** …licensees.

**Dubinsky:** And remember, now, I'm not there anymore, so I leave the company. So that's sort of the end of my road anyway, so...

**Weber:** And in 2005 you reunited all the parts except the software had been sold off. I mean, the OS.

**Dubinsky:** Yeah.

**Weber:** Yeah, and the Folio is the last, the sort of swan song, right?

**Dubinsky:** Well, that never shipped.

**Weber:** Oh. But tell me that though.

**Dubinsky:** Well, I think I mentioned it earlier. Was the idea of a tablet sort of a product.

**Weber:** And it was like a netbook.

**Dubinsky:** Yeah.

**Weber:** I mean, we have one that you gave us.

**Dubinsky:** Right, right. Yeah.

**Weber:** But it was instant-on and you would use a Palm OS type app.

**Dubinsky:** It's very much like an iPad, you know.

**Weber:** Right.

**Dubinsky:** Very similar concept. Yeah.

**Weber:** Great.

**Dubinsky:** All right, Marc.

**Weber:** Well, thank you very much.

**Dubinsky:** Thank you.

END OF THE INTERVIEW

  