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Lawrence A. (Larry) Welke

Conducted by Luanne Johnson

Abstract: Larry Welke discusses his personal and career background prior to founding ICP (International Computer Programs, Inc.), how the ICP business model minimized the need for venture funding, how he developed both the product list and the subscriber list for the ICP Directory, the shift from subscriber-based to advertising-based publications and how ICP refocused its business to adapt to changes in the software industry. He discusses the origin of the services he provided to software product vendors in the fledgling software industry such as the Million Dollar Awards program, The ICP Software Newsletter and seminars on how to market software products. He cover his role in bringing software companies into ADAPSO and the benefits he derived from ICP’s ADAPSO membership.

[Interviewer’s Note: This first part of this interview was recorded at the Old Angler’s Inn in Potomac, Maryland, on May 3, 1995. The second part was recorded via phone on September 11, 1996.]

Personal Background

Luanne Johnson: One of the things I didn’t touch on at all in our previous interview is your personal background.

Larry Welke: I’m not sure I understand why that’s relevant to what you’re doing.

Johnson: I really want to try to understand what it is that makes some people go off and become entrepreneurs. Why do some people do that? And succeed or not succeed. I’m interested in the personal factors involved but also the environmental factors that people run into. What are the things that are occurring around them that make it easy or hard? Are there things regional governments or the federal government should be doing including just getting out of the way if that’s appropriate. The paper this morning reported that the attendees at a small business conference in Denver said, “Just get this paperwork off our backs.”
And I think there’s a role that associations can play. There are things that associations can do deliberately, if they choose to, to support entrepreneurs. We’ve seen ADAPSO/ITAA go through a transition from an organization which very effectively served entrepreneurs to an organization that’s trying hard to understand why it should.

There’s also, I think, some knowledge that big companies could use. When I was in Tokyo in December, I met with people from Fujitsu. Unfortunately, the people I met with were the wrong ones, but what I was interested in was a project Fujitsu has where they’re trying to encourage some of their employees to form entrepreneurial firms to sell the same services to Fujitsu that they’re providing as employees and Fujitsu’s going to provide venture capital and contracts to get them started.

But, frankly, Fujitsu doesn’t have a clue how to do this. They’re putting all kinds of constraints and parameters around it. And the first thing they’re telling them is, “This is very risky because if you fail we’re not going to take you back.” Okay. Now what’s the next thing you tell them?

Welke: Wow. What other kinds of encouragement can you give me?

Johnson: Right. So I just want to tell some stories about entrepreneurs that have succeeded in the hope that that will lead to a better understanding of what makes it possible for them to succeed. Okay?

So, tell me a little bit about your personal background. I know nothing about where you came from, where you grew up. As far as I know, you sprang into existence as a customer service representative in a bank in Indianapolis. What happened before that?

Welke: I’ll give you a thumbnail. Born in 1931. With a severe physical problem because of my crooked arm which, until I had an operation when I was ten years old, was a very serious impediment. My right arm looked a lot like a corkscrew. It was really messed up. I mention that because it had a very direct impact on what I was able to do and how I conducted myself socially.

I found out pretty early on I was not going to win many fights and the playground wasn’t the place where I was going to physically excel. And that came back to haunt me a little bit later. After I got out of high school, I found out that I wasn’t going to excel in the factory environment either because the physical manipulation of tools wasn’t my strong point.

But I also found out very, very early on as a very little kid that I could talk my way into or out of just about anything I wanted to. And I found out that I could make kids laugh. I could make kids cry, too. In other words, I learned manipulation at a very early age and was conscious of the
manipulative ability that I had. I think any kid can manipulate but not many are aware of the fact and consciously use it.

My father divorced when I was three. I was raised by my grandmother and grandfather, primarily. But we all lived in the same house. Grandmother, grandfather upstairs. My father and my sister and myself downstairs. My father remarried when I was about ten to a woman I was never very close to. Never had a very close relationship with her. I can recall a couple of incidents where it was emphasized that I was not part of the family.

Johnson: What did your father do?

Welke: Initially he worked for his brother-in-law on a silver fox farm. This was back when silver fox was a big deal. Then the Queen of England stopped wearing silver fox and the market fell apart and Uncle Herb was out of business. But he had a lot of real estate so it didn't make any difference for Uncle Herb but it was bad news for everybody else.

So then my father took a couple of odd jobs during the Second World War, one thing and another. He wound up as a gardener which is something that he was very good at.

When I was 17, I had gotten out of high school and took my first job in a factory and found out that that wasn't for my liking and decided I really wanted to go back to school. And my father made it very evident that if I was going to go to school, I was going to pay rent and that wasn't going to be possible.

So I was thrown out of the house. At 17 I was out on my own and some place along the line the message was given to me pretty solidly that there was no real way that I was ever going to succeed because I really wasn't supposed to be successful. Goddamn it. You were born poor. Don't you understand that?

I didn't like the message, but I really did nothing about it. But I think there was a subconscious force and it took until I was in my 30s before I finally took a chance and did something about it.

Johnson: So what did you do when you got thrown out of the house?

Welke: Went out and found a couple part-time jobs and began going to school.

Johnson: Where'd you go?

Welke: Started by going to Wisconsin State Teachers' College because it was in town—the jobs that I had were in town—and it was cheap.
Johnson: Did you grow up in Wisconsin?

Welke: Yes, in Milwaukee. And after two years I pretty well determined that I didn’t want to be a teacher.

Johnson: Were you a good student?

Welke: Not as good as I could have or should have been. I was a "C" student because I was working 40, 50 and 60 hours a week. I didn’t really get good marks until I got into graduate school and then I began pulling straight “A’s”. But that was when I was working for IBM or GE and that was a different environment. I was married and all that sort of thing.

So I don’t think I was ever a very good student. Being a good student wasn’t high on the list. Being accepted was a much more important thing for me.

Johnson: So you decided you didn’t want to be a teacher. Did you figure out something else to do?

Welke: Somebody told me that I should go to the State Vocational Board and that they had scholarships if you qualified for them. So I took a series of tests that proved that I should be a veterinarian. So I figured, what the hell, if to be a veterinarian means that I get a scholarship, I’ll be a veterinarian.

So I went up to the University of Wisconsin and went into a veterinarian program and it was great because I really do like animals and I like the outdoors and I liked being on the Ag campus and everything.

But once again, having a crooked arm kept me from pursuing it. After a year, they told me you’re going to be a great veterinarian but you’ll never get through surgery school. And if you can’t operate, you’re going to have certain limitations no matter what size animal you work with.

So I figured, “Well, screw it. Then I’m not going to be a veterinarian.” And by that time I had also gotten involved with a young lady back in Milwaukee because I was going back and forth between Madison, Wisconsin, and Milwaukee. Milwaukee on weekends to work because you can’t get any income in a college town. So I’d go back to Milwaukee and work for Saturday and Sunday and then hitchhike back to Madison Sunday night and go to school for five days.

So I transferred to Marquette because the scholarship would still apply. It paid tuition and books. And $10.00 a week for support. So I thought that was a pretty good deal.
Now I wound up with Economics and Political Science. But the political science was sort of neat because it worked into all the political activity that I had been involved in, and I liked it anyhow.

Johnson: Student politics or community politics?

Welke: The Republican Party and all that sort of thing.

Johnson: You had time to do that in spite of working and school.

Welke: Yes.

Johnson: It mattered to you?

Welke: One of the things that I got involved in in my sophomore year in Teachers' College which was in 1950-51, was a research paper. And it had to be a real research paper, so I joined the Communist Party.

Johnson: (Laughter) Oh, God. You’re the last person I’ve known in ADAPSO that I ever would have suspected being a registered Communist. Part of your research.

Welke: Part of my research and I wanted to find out... You have to keep in mind that this was back at the beginning of the Red Scare. You’re old enough to remember what was going on with Hollywood and the list...

Johnson: Oh, absolutely.

Welke: McCarthy being from Wisconsin, I had met the man. I knew him. He used to hang out at a place called Dirty Helen’s which was a saloon down on Clyburn Street. It was terrible. But it was one of those places where no matter who went in there, nobody ever talked about who else that you saw when you were there. So Joe could go in there with impunity and know that no one would ever mention that they’d seen him there.

So, all of that sort of worked together to my getting involved in the Communist Party. I had always had been sort of a political animal from that standpoint. I was involved with the Republican Party mostly because I liked the people that got me involved in it. It wasn’t because I believed the philosophy or anything.

Being from a dysfunctional environment, if you have somebody pay attention to you as a 17, 18-year-old then all of a sudden you’re worth something. I mean that has value. Whether you believe their philosophy or... I mean you want to believe it because, after all, they’re friends.
So I finished off at Marquette in Political Science, politics being sort of an interesting subject for me. Economics being chosen because that was the way that I could save the majority of the credits that I had gotten. I really wanted to get into Business Administration but I would have lost too many credits and I was going to go to school five years as it was. I didn’t want to go to school for six.

When I did graduate, there were about a dozen of us that made a bet on who could get the highest-paying job and I won. Not because I wanted the job but because it was the highest paying.

**Career Prior to Founding ICP**

**Johnson:** So you went out and took the highest paying job you could find whether you wanted it or not in order to win the bet? Is that what you’re saying?

**Welke:** Yes. Everybody else got a job with an investment house for $200.00 a month and I went and got a job with General Electric in factory management in their training program. I don’t know if they do it now but back then GE used to go around and hire just as many college graduates as they could and then after a year they would fire about 80 percent of them and the remaining ones were the ones that survived. So I got caught up into that and figured, “Well, what the hell.”

**Johnson:** You won the bet.

**Welke:** Yes. Won the bet. And found that I really enjoyed factories. Factories are wonderful, wonderful places to be. Exciting. There’s such a high level of activity and things going on and things are being created and caused.

**Johnson:** Yes. It comes in this end as a bar of steel and comes out that end as a ball bearing. Hey, I worked in a factory summers when I was in college. My dad was the production manager of a small factory in my hometown and I worked there because I could make more money. Waiting tables I could only get about 75 cents an hour, but working in the factory, I’d get $1.15 an hour. That was a big deal. I worked on the drill presses and the broaches. It was great. I really enjoyed it.

I also got a great education. My dad hired a lot of women. Very unusual at that time, but he hired a lot of women. This was in Ohio and these women came up from West Virginia to make money to take back home or to send back home. I got most of my sex education from them. I think if my dad really had known how much I was learning apart from how to run the drill presses he might have pulled me out of there.
It was a very positive experience. I was really proud to go back to college with my hands all beat up and scarred and blackened from working in the factory. I was so proud of that. And I've loved factories ever since.

Welke: Yes. That served me well when I went with IBM because I very easily fit into that factory environment. You'd go out to a new customer in those days and they would all say, "Do you want to see the factory?" And I would say, "Hey, you bet." And I was able to make sense out of what was going on. The staging areas. The processes. The finishing. The whole damn thing. Because of what GE had taught me relative to factory management.

So that served me well. IBM for the most part was pretty much a graduate school for me. It taught me a lot about business. It taught me a lot about organization. Didn't teach me much about finance. But it did give me a good sense of self-confidence that I probably was lacking because of all the crap that I'd gone through with my family.

Johnson: Why did you leave GE to go to IBM? Were you were one of the 80 percent?

Welke: GE had said they were going to install an IBM 650. As part of factory management, I was going to be on a team that automated a job shop. Well, we had tried to do that with punched cards and it didn't work. You can't do it on a punched card basis.

So the idea of getting involved in all of that planning got me much, much closer to the DP Department so that I would work during the day on the factory floor in factory management. Then I'd do second shift voluntarily by getting into the data processing department and sort cards, collate, print, and find out what the hell was going on.

And I found I liked it. It was fun. So at one point I went to the IBM salesman who was in there and I said, "Boy, I'd really like to be able to get a job with IBM." He says, "Well, we'll see what we can do." So I was hired by IBM as a tech rep and spent four years as a tech rep and saw everybody else making more money than I did so I figured I can sell too.

I wanted to be a salesman, so I went into sales. And all of it was a very, very positive experience for me.

Johnson: This is one of the sub-themes I'd like to explore. Everybody talks about IBM's decision to unbundle their prices as having such a big impact on the software industry. I think there was also a big impact as a result of IBM teaching a whole bunch of people about business and organization.

When you stop and think about how many people that were the founders of the software industry came out of IBM and brought with them all that knowledge that IBM had created over
the years of how to run a company—the organizational knowledge that IBM had created which it did so superbly well.

The other thing was that all these people who started software companies came out of IBM and started calling on the data processing managers, their primary customers. And so there was already a common language, an ability for people to communicate.

Welke: Absolutely right. I don’t know if that was ever a conscious plan on the part of IBM.

Johnson: I seriously doubt it.

Welke: But you’re absolutely right that you had that fabric already existing. No question about it.

Johnson: Okay. So you went to IBM as a salesman. Or as a tech rep and then you became a salesman. You ended up being a salesman with IBM and then you somehow ended up working for a bank.

Welke: Well, my ex-wife had heard me talk about the open-door policy that Tom Watson practiced. Anybody could call the president any time. So she did. She took it upon herself to call Tom Watson several times to let him know what an ignoble salesperson he had in the Milwaukee Office.

Johnson: Oh, dear.

Welke: When she called the third time, the call came back down through regional and district and down to the branch and the suggestion was made that possibly I had a career future other than with IBM.

So one of my customers gave me an offer of a job and I took it. That was with J.C. Penney, a job for which I was totally unqualified because I went from a very successful salesperson to somebody running a staff of 97 people. I didn’t know the first damn thing about how to run 97 people or manage them. So I failed miserably at it, was fired and took a job as a consultant.

That consulting job was with an outfit known as Middle West Utilities which was the remains of the old Insull empire. I don’t know if you were ever familiar with it. Insull was a man who built an empire out of gas and electric utility companies at the turn of the century.

Johnson: I never heard of that.
Welke: He built it up through the early 19th century and it was about the 1920s or 1930s that they got him for monopoly and anti-competitive practices and God knows what else and they broke up the empire. And one of the things that remained was this consulting arm that used to serve all of the Insull utility companies.

So I went with them knowing that as a consequence of going with them I would get sent down to Argentina. So I spent a year and a half down in Argentina and then when I came back from that, that's when I took a job with a bank. It was the end of my contract with the consulting firm and I took a job with Merchants National Bank in Indianapolis.

**Founding of ICP and Initial Funding**

Johnson: How long had you been with the bank when you attended that conference where you came up with the idea for what became the ICP Quarterly?

Welke: About a year and a half.

Johnson: I was going to ask you if you had any outside financing but, having re-read the first interview I did with you, I realize that you had $500.00 from two people who quit after 30 days.

Welke: That was it.

Johnson: From that point on did you ever have any outside financing?

Welke: Yes. We went the doctor/dentist route for financing which I have ever since recommended that people never do. It's the dumbest thing you can do. Because people, you know, the doctor/dentist put in $10,000.00 and the think they own you.

Johnson: So this was a local venture capitalist funding?

Welke: Yes.

Johnson: Let's go back a little bit. How long did it take before you got to the point where you felt you needed that kind of financing? Initially as I recall you were running ICP in the evenings. Coming home, running it on your dining room table and getting it going.

Welke: It was two years before we seriously looked at any outside investment.

Johnson: When did you become full time with it?
Welke: At that time.

Johnson: So the idea was that you wanted to really put time into it and you needed capital to do that.

Welke: I don’t know that I really knew how to use outside capital. I don’t think I used it well. We wound up buying everyone out for full dollar but with no interest. They never got anything but their original investment back.

Johnson: Well, a lot of investors never get even that.

Welke: True.

Johnson: This is a subject that is particularly interesting to me because this is one where I think there can be some kind of institutional action taken. Certainly one of the things that ADAPSO did so successfully with John Imlay was create an awareness of the industry and the benefits of investing in the industry. That’s something you can’t really do on your own as a small company.

We also know that many companies that got money from venture capitalists didn’t know what to do with it. They just wasted the venture capitalist’s money. Based on your experience and what you’ve seen with all the other companies in the industry, what do you think are the kinds of things that need to be addressed? To what degree does lack of capital seriously impact growth in these companies and what are some things that ought to be done to try to solve that particular problem?

Welke: That’s a tough question. I don’t know.

Johnson: Let me change the question. Since you decided at one point that the only way you were going to grow the company was to spend full time at it, and you needed outside money to do that, did it work? Did it really make the difference having you there full time? Was that an appropriate solution to that problem? I mean, you wouldn’t recommend that particular source of funding, but is that a decision that people should make? A good reason to bring in outside capital?

Was there another point after that you needed an influx of capital and did you or didn’t you get it? What was the next big level at which there was an impact where you couldn’t grow? Did you get outside financing at that point?

ICP’s Business Model
Welke: We’ve always been financed out of sales. But the company has always suffered from lack of capital because we’ve never been really bankable. That’s my management problem more than anything else.

Johnson: ICP is such an interesting company because it’s been dependent on the software industry. The software industry was always driven by how much hardware was out there. You couldn’t sell software unless people had hardware. Nobody in the software business bothered to make a call on somebody who didn’t already have a computer.

ICP exists because there are software companies. And the software industry has been through tremendous changes which have had an impact on ICP’s development. I guess the thing I’m trying to get at is would a ready source of capital at any point in time have changed the direction that ICP went? Or was it organic and natural the way everything went and it wouldn’t matter? I mean I could talk about venture capital all day long but it may not have made any difference to ICP.

Welke: I don’t think it would have made any difference. We’ve always been in a business where properly managed cash flow happens because you’re selling up front what you’re going to produce later. Yes, there’s a little bit of discontinuity because if you sell advertising, you’re supposed to wait until it’s produced before you collect the money or bill for it.

Well, we always took a very aggressive approach on it and always made it work for us. And by the same token, we had subscription income the nature of which is you collect your $100.00 and then you produce the product.

Johnson: Up-front money.

Welke: Yes. It was all up-front money. Our business model has characteristically involved that kind of a situation. Even now for instance with the Internet, the charge system to the vendor is for six months of exposure on the Net but they pay their money up front. And they’re betting on the come. Nobody knows if there’s going to be any activity or if it’s not going to happen or if they’ve got good product or lousy product or a good home page or whatever. But they’re saying, “Well, what the hell, we’ll take a chance.”

So meanwhile we get to use their money for five or six months to try and make it all happen. We’ve always been in that situation.

Johnson: So, in ICP’s case the lack of ready and willing financing was not a major factor? What were some of the major factors? I know that your philosophy generally about government organizations that the best thing they can do is just get out of the way.
Welke: Yes.

Benefits of ADAPSO Membership

Johnson: On the other hand, you certainly have been extensively involved in the industry association. Are there benefits that you derive from that that you think had a direct impact on ICP’s ability to grow and expand?

Welke: I’d have to answer yes on that. The trade association has been very, very helpful to me. I’m not sure of this, Luanne, but I’ve always had the impression that ICP has had an image much larger than its reality. And in large part I would attribute that to the activity that I’ve been able to be involved in with the trade association. And that has helped us in the marketplace.

Johnson: But your relationship has always been a little bit unique in the sense that that was your customer base. Not your competitors as is the case for the software company members, but your customer base. And it certainly has to be positive for ICP’s image that you are seen as one of the leadership. People think you of as someone they have to get to buy into whatever they’re doing. That certainly has become apparent over the last several months when you’ve been so involved in and so much relied on and consulted with in terms of the reorganization which is going on.

Welke: Yes.

Johnson: What about beyond just the fact that it gave you a chance to know your customers directly? It created a larger image of ICP. I know that personally, the biggest benefit I got out of ADAPSO in the early days was the fact that I didn’t know squat. I mean the kinds of things you learned from IBM, I learned secondarily from IBM from the people who had worked at IBM. I mean just basic common-sense things about how to run a business, I got all of that at the ADAPSO meetings.

Benefits of ADAPSO Roundtable Membership

Welke: Absolutely. Absolutely true. From those ADAPSO how-to sessions that we’ve always done over the years. Plus the roundtable. We met just this last week in Atlanta. We’ve been meeting twice a year since 1978. I missed three of those meetings over all that period of time.

Johnson: And it’s still the same group. Right?

Welke: Pretty much the same group. Yes.
Johnson: Some dropouts, I guess.

Welke: Yes. But there’s still six or seven of us that were there right from day one. And it isn’t just the camaraderie and the sharing of personal wins and losses and all that sort of thing. A lot of these guys have made tremendous changes in their lives. Bob Cook, Dave Campbell, Larry Schoenberg, Rick Crandall, Jay Goldberg, all these guys. Everybody started out on the bad side of town. And then all of a sudden they are very, very well off. And playing around with $10, $15 and $20 million.

We get involved in discussions that I get included in whether I’m in that league or not. It doesn’t make any difference. You’re still part of it and you gain an understanding and you’re better informed and better prepared if and when the opportunity should come.

I look at this business opportunity different now than I surely did 20 years ago. I try to evaluate what is a proper equation. Where do you go from here. Differently than I would have.

Johnson: That’s a really important point because how do you get people to look at business opportunities? In your case it seemed to happen naturally. You were standing in a room and you were looking at people posting things on a wall and you said there’s a business opportunity here. But there were other people in that room too. And they didn’t all see it as an opportunity.

Welke: That’s right.

Johnson: Now you just said that clearly you had an ability to do that 25 years ago but you also said that you learned from the people in the roundtable who also had that ability to begin with.

Welke: Yes.

Johnson: But they learned as they went, too, from each other. I really think all the institutional ways of providing money and other kinds of support may be useful but the important thing is if people to see the opportunity to begin with and then you just pretty much get out of their way.

Welke: There’s one other thing and maybe it’s a very personal thing, it applies only to me. I happen to think that it applies to other people as well. It isn’t just sharing the formula for a business opportunity or understanding what an equation is or how do you do this. It’s being exposed to that. Where did it come from and do you believe that you’re capable of doing it?
And there comes to be a mentor relationship that is important. I think a teacher can teach without the student learning necessarily. And I really do believe that old saying—it might be Buddhist—that says when the student is willing and ready, the teacher will appear.

I think a lot of times something is presented but if the student isn’t willing or ready, it just goes right by them. So how do you create an environment where the student becomes more willing or ready and accepting of the knowledge that is being presented and how do you cause that to happen?

That happens in a mentor relationship because I listen to you and I trust you and your instinct and what you’ve done and a lot of things in life are a matter of trust and faith. It’s that Luanne said it’s going to work, so I’ll try it. And I’ve got a doubt but I’ve also got enough conviction because it came from somebody I trust and believe in.

It’s how do we create that or is that something that can be caused? And can you contrive or build it. It’s hard to say.

**Johnson:** I think maybe the roundtable program may be the most successful program that ADAPSO ever did.

**Welke:** Absolutely.

**Johnson:** And I don’t think that anybody anticipated it. It wasn’t so much a mentor as a trusted peer kind of relationship. I guess everybody was mentoring everybody else and it certainly was a very contrived program but I don’t think that anybody quite understood what the outcome of it was going to be. I’m not sure what they expected initially but it certainly provided benefits to a certain group of people way beyond what anybody had really anticipated.

The roundtable members do listen to each other. They benefit from it and they’re willing to spend the time. Is there a way to replicate that on even a broader scale? Is there a way to use technology to replicate that beyond groups of ten to twelve people?

**Welke:** Sure. The Internet. I heard Jim Clark speak yesterday and he said, “Everybody comes up and asks me how do you make money out of the Internet? Nobody’s making money out of the Internet yet.” His answer is, “How do you make money on the phone system?” He says, “Okay, if you’re the phone company you’re making money on it. Or if you’re making replacement hardware you’re making money of it. But you don’t make money on the phone system. You use it. It’s a tool.”

**Johnson:** And how could you run your business without it?
ICP's Adaptation to the Internet

Welke: Well, what is the Internet? The Internet is a tool. It's a protocol. That's all it is. Stop thinking of it as anything other than that. It's a tool. How do I use it? How does this tool change the equation of my relationship with my audience?

Johnson: Exactly.

Welke: How do I then profit from that?

In our sales effort on our stuff, our salespeople say in effect it's a little bit like the difference between the deer hunter who goes out and hikes through the woods all day long. Puts on 15 miles and never sees a deer. And the guy who goes out and sits down next to a tree and waits for the deer to come to him.

Because on the Internet you have to let people know you're there. Right? But you don't have to go out and find the 10,000 people who need your product. So that whole cost is gone. But you have to let people know that you're there and then let them come to you.

Johnson: How did you do that at ICP? Did you go out and hire a consultant on web pages? How do you put something up there that people will come to and how do you take advantage of the information that you get as a result? So what did you do? What did ICP do?

Welke: We talked about it amongst ourselves for two months and then finally decided that we were going to do something and that we had to do it on a limited budget. One of the other features of the Internet is that it is an extremely forgiving environment. You don't have to be out there with a perfect product. You just have to be out there with something. You can say this site is under construction, come back tomorrow, and they will. If you just say it's under construction for three days in a row they might not come back. But if you say it's going to be done by Saturday and then it is done, they'll come back. So that's pretty much the approach we took.

Johnson: Did you do it with inside staff?

Welke: Inside staff with the exception of the UNIX search engine that we had written for the database by an outside talent because we didn't have any UNIX staff in-house. But other than that we divided it up and just went ahead with it.

Johnson: How long has it been up?
Welke: About a month. We’re up to about 2,000 hits a day which is not where we want to be but considering all the prep that we’ve gone through, the learning process, it’s getting there.

Johnson: It sounds like you had some internal people who already knew your business strategies and knew what you wanted to do with it and what your goals were.

Welke: Yes.

Johnson: Probably you yourself were involved with it.

Welke: Yes. I was deeply involved in it right from day one.

Johnson: How many people do you have working for you now?

Welke: We only have 16.

ICP’s Adaptation to Changes in the Software Industry

Johnson: Have you ever done a history, a written history of ICP because the story of the company and how vulnerable you’ve been to the changes in the software industry would be very interesting. You’ve done what...? About four major refocusings over the years? As the industry changed you had to constantly keep shifting your business objective and your business perspective in order to keep it going.

Welke: Yes. We’re in a totally different business now than we were even three years ago.

Johnson: What’s your primary customer base at this time? I know you’ve got a relationship with Autodesk. Is that the way you’ve gone?

Welke: Well, yes. Autodesk and Oracle are our two big single customers. We’re getting involved with Intergraph and Gupta at this point. Those are our non-proprietary activities. Custom publishing.

Friday I’ll be presenting a proposal to Autodesk to weave together a print publication, a CD-ROM publication and their presence on the Internet. They will all be advertising supported. I’ll be offering them an idea or a set of ideas on how to do that.

Johnson: Advertising supported by...?
**Welke:** There are 800 software companies that provide applications that run on top of Autodesk. And so those people will pay to have their ad run on the Autodesk home page or something like that.

The advertisers, those 800 firms, want to be promoted by Autodesk. At this point Autodesk distributes their product, AutoCAD, either on diskette and then they put a printed catalog in that box, or it’s on a CD-ROM and they put a CD-ROM in that box. And now they say they ought to have an Internet presence as well.

The advertiser wants his or her message out there regardless of how. So we’re saying rather than charge “x” dollars for print and “y” dollars for CD-ROM and “z” dollars for Internet, just charge “x” dollars. That’s it and you get your message either in print or graphically on CD or graphically on Internet.

Recognize that there’s a whole set of equations that differentiate each one of those three but don’t make it difficult for the advertisers.

**Johnson:** How much does it cost a software company to be part of that program?

**Welke:** Up to this point it has cost them $3,900 for a page in a quarterly-produced print publication and it’s cost them $800 for a demo or a product presentation that they can put on a CD. And we have never determined what you do with the Internet.

Now we’re saying we’re going to change that. Because the CD has eaten away at the circulation. We were doing 75,000 to 90,000 print copies per 90 days. Every quarter. Four times a year.

Now that’s dropped to where 75 percent of Autodesk’s distribution is on CD and not on diskette any more. So we’re saying it doesn’t make any difference. We’re going to charge $3,900 and that means your presentation’s going to go in a print, CD, Internet, package deal. Doesn’t make any difference.

**Johnson:** So you’re really cutting costs for those that have been doing the print and the CD?

**Welke:** Yes. And we think it will sell.

**Johnson:** Do you get the names of the companies from Autodesk. I presume they give you the names of the companies that are writing the applications and do you contact them through direct mail.
Welke: We maintain the database for them. Any new developers that they sign or accept, we just add them to the database.

Johnson: Okay. But they don't necessarily get into their information included unless they pay you the $3,900? Right?

Welke: Yes.

Johnson: So a new developer comes on. Do you send them direct mail or telemarketing?

Welke: All of the above. Including email at this point. It’s interesting. We do email promotion as well as fax promotion as well as print brochures. You name it. Telemarketing is very heavy for the follow through now.

Johnson: Really interesting. But I’m afraid we’re out of time. Thanks so much for spending the time with me once again to answer all of these questions.

Welke: Thank you. It’s always fun.

[End of Part One. Beginning of Part Two.]

ICP Relationship with Autodesk

Johnson: Hi, Larry. Thanks for agreeing to talk with me again. What’s happening with ICP?

Welke: A little bit hectic and a lot of uncertainty, but all of it is good. We’re knee-deep in Internet work at this point and we’re expanding our operation by doing some custom work for some of the larger software companies and operators. We got ourselves in a position where for the last several years we’ve turned out what Autodesk calls a resource guide for them where we publish a catalogue every 90 days of all the software that works with AutoCAD and all the hardware that you can use with AutoCAD, scanners, and plotters and printers and stuff like that. And then all the user groups and all the consultants and all the training centers and everything, you know, so that anybody who buys AutoCAD gets a copy of this book because it goes into the box.

Well, they like that idea. Now, Autodesk is making a major move to get all of its developer communities, some 1,300 firms worldwide, on the Internet and they’ve asked us to put them up.

Johnson: So, you’re in essence an Internet enabler then.
Welke: Yes, we’re doing home page development for them. We went over to Barcelona this week. We’ve got a guy there that we made a pitch with at a big Autodesk European meeting and that went very well. He called yesterday and it turns out that Hewlett-Packard was in the audience and they said, “Geez, you know, if Autodesk picked you to do that for their 1,300 developers, we’ve got 3,000 and we’d like you to do that for them too.” So, now I’m sitting here saying, “How the hell do I do this?”

Johnson: Does that mean that you’re doing 1,300 home pages?

Welke: Yes.

Johnson: Wow.

Welke: It’s mind-boggling.

Johnson: Yes, it really is and of course, to me it’s so fascinating because of the various permutations that ICP has gone through over the years.

Welke: Incredible.

Johnson: Yes, it’s really incredible. I had heard that you were in bankruptcy.

Welke: Well, we were. We went into Chapter 11 in June of 1994.

Johnson: Oh, well, that’s a couple of years ago.

Welke: And then came out in April the following year. So, we’re still working under court order paying off the creditors.

Johnson: Oh, so that’s old news.

Welke: Oh, yes.

Johnson: Well, that’s great and I’m just delighted to hear that you’ve got this wonderful new opportunity.

Welke: And we’re having fun, you know, it’s a challenge.

Johnson: Great. I know that you’ve covered a lot of ICP’s history in the previous interviews we did but there are a few things that I like to clarify or expand on.
Welke: Okay.

Career Prior to Founding ICP (continued)

Johnson: Let’s start with the bank you worked for. Do I have the name correct, First National Bank of Indianapolis?

Welke: No, it was Merchants National Bank. Third largest bank in the State of Indiana.

Johnson: Okay. And you were in charge of customer service? Is that what your role was?

Welke: Customer data services.

Johnson: Customer data services, okay, that makes sense. So, you were manager of customer data services?

Welke: Yes, I started out as manager and by the time I left, I was vice president of the bank.

Johnson: When we talked before, you said how frustrated you were because there were services you wanted to be able to provide but couldn’t, and the programmers said it would take two years to do it. Give me some examples of what kind of services you’re talking about.

Welke: The banks back in those days were doing some very basic data services for either their commercial customers or their correspondent banks, the banks that they were dealing with. For the smaller banks that we served in the State of Indiana, we did processing like demand deposit accounting and savings accounting and mortgage loan accounting and stuff like that.

And this is the kind of stuff that is so regulated by the government in terms of reporting requirements that you literally did it by the book. Mortgage accounting or demand deposit accounting in Portland, Oregon was exactly the same as it was in Portland, Maine. It didn’t make any difference where the hell you were. So there were a lot of people who had done that kind of work and yet when my sales people went out and convinced one of the smaller banks in the state that they ought to sign up with us and let us do their demand deposit accounting, our programmers said, “We can’t get to that for a couple of years. We’ll have to redo the entire thing.”

For the commercial customers, it was just simple stuff like payroll, nothing complex or really clever. You have to keep in mind it was back in those days when ADP was just getting started. They made their big growth by going to various banks after the banks had established a payroll
service for their commercial clients and said, “Listen, either you sell us your automated
customer service accounts or we’re just going to compete and wipe you out anyhow. So take
your pick.”

ADP did hundreds of acquisitions like that. I don’t think they ever approached our bank
because I don’t think we ever got enough accounts that we were a significant force within our
marketplace.

Johnson: Okay, those are good examples. You said you were a tech rep at IBM prior to
going into sales?

Welke: Yes.

Johnson: Define for the record what you mean by a tech rep.

Welke: This was a systems service person. The salesperson was responsible for selling
the equipment, then a systems service person would come in and design a system either on
punched cards or, you know, whatever, to make the system work. So, it was a systems analyst-
type job. But as soon as the first computers were released, the 701 and the 650, then we also
did programming on the customer’s premises as well.

Johnson: IBM’s commitment to the customer was that they would do whatever it took to get
this thing working and you were the guys who were there until it was up and running.

Welke: Yes, exactly.

Johnson: Were those the same things as field engineers?

Welke: No, field engineers were the people who repaired the hardware.

Johnson: Oh, okay. You were the one of the programmers that IBM put the customer’s
shop with nothing very much defined except just make it work.

Welke: Yes, that’s it.

Developing the Product List for the ICP Directories

Johnson: Okay. Tell me about what you did with that first ICP Quarterly when you came
up with the idea and you had to have some programs to list in there. I assume you started out
with the ones that had been on the wall at the swap room at the ABA convention.
Welke: Yes, and just in our own research, we had compiled a list of things that I knew I could get my hands on from other people that I had gotten to know because I was in banking. Banking is very much an incestuous industry and you get to know people pretty easily. As soon as our programming staff began telling me it would be two years before I could get a program out of them, I began calling my friends and trying to track down who had a good demand deposit accounting system that had worked for a correspondent bank or that kind of thing.

So we had a list of about 90 or 100 different programs from all over the country. I was dealing with Crocker, Bank of America, Citibank, I mean, everybody. We bought a couple of things from Mellon. So, we started with that little pot full of information.

Johnson: Yes, which shows up in that first issue because it’s heavily banking-oriented. But you also had programs from companies that looked like they were service bureaus, so were there other things besides banking applications in that first issue?

Welke: Yes, we tried to make it look significant, you know. It’s pretty hard when you’ve got just 90 things—that’s not a catalogue, that’s a list. So, we were trying to get something to sort of fill it out, fatten it up a little bit. We just sort of figured that if it works for banking, hell, it works for everybody, doesn’t it? And we got to know a couple of people who were trying to do that kind of thing.

You have to keep in mind, back in those days, you would get a customer’s program that they had written for internal use and then the trick was to modify it, rebuild it so that it could be used in a second environment. Well, in retrospect, you look and you say that’s a dumbest move in the whole world, but yet, people were doing it or at least trying.

Johnson: Yes, everybody was doing it, that’s how all these great products got started. Now that I’m done writing this program for you and you paid me to do it, I’m going to sell it to someone else.

Welke: Yes.

Johnson: Did you know that InSci got started with the IBM payroll?

Welke: No, I did not know that.

Johnson: I haven’t interviewed Dale Learn in depth yet, but what he told me was that the people that started InSci were people who had designed and written the payroll system that IBM was using for its own employees. And they went out, with IBM’s blessing, and started a software products company to sell that payroll system to other people. IBM was so oblivious to what software was worth that they said, “Oh, sure, that’s a good idea, go do it.”
So, at some point in time you began to find real software companies. Since you were the only place that such a list existed, how did you find what was out there, how did you find these people?

**Welke:** Well, that’s an interesting question. We got linked up with ADAPSO very, very early on. Back in 1967, I went to my first ADAPSO meeting and it was primarily service bureaus, but there were people from all over the country, and they knew what was going on in their area. That’s how I got involved with ADR and Computer Sciences.

And all of these people were trying to figure out what the hell this business is, how can we be more effective, you know that kind of thing. And everybody had little war stories and I just began sort of accumulating them, and then calling them and trying to figure out if they were serious or if they had something and was it legitimate or not. So, it was just sort of happenstance, incidental, anecdotal information that I’d come across and compile it.

**Johnson:** So ADAPSO played a significant role in that then?

**Welke:** Oh, no question about it. Absolutely.

**Johnson:** I’m looking for something that illustrates the growth curve in software products. I know that that first quarterly had probably less than 100 products.

**Welke:** Yes, I always joke about it, that I don’t remember if we had 90 products and 75 subscribers or if it was the other way around. It was not what you would call a significant commercial threat to anybody.

**Johnson:** Do you recall how many products were listed by 1969, 1970?

**Welke:** If I recall correctly, by the beginning of 1969, we had about 400 listed in the catalogue. And then, obviously, with unbundling, things began breaking loose and after about another two years, we were up to about 1,000. But then during the 1970s, I don’t know that I compiled any kind of a list.

**Developing the ICP Subscriber Base**

**Johnson:** How’d you go about selling the subscriptions? Did you have subscribers for that first issue or did that come later?

**Welke:** Well, the subscribers were mostly the banks that had given us the software to begin with. So, it was sort of a closed loop type of thing. Somebody referred to it at one time as the Who’s Who equation, you know, where you get the people whose information goes into the
book and then you compile the book and you sell it back to the people whose information went into the book.

And there’s a little bit of truth to that, but then we began doing direct mail and we began going to the ADAPSO members and any list of consultants that we thought we could get to. There was a list of data processing managers in the Fortune 500 that we went to.

And then we advertised in the various trade magazines. I wrote extensively for Datamation magazine and got a good amount of publicity from them as a consequence. I did a lot of public speaking. Somehow I got on the circuit for ASM, DPMA and ACM and all their chapter meetings. There was a time back then when I guess I might’ve been speaking two or three times a week and talking about this thing called software and software products and why you should buy rather than continue to write your own. It was a grassroots effort. We didn’t have the money to do anything really significant as far as promotion. So, it was that kind of thing that really got us off the ground.

**Evolution of the Advertising-Based Publications**

**Johnson:** Okay. I’d like you to expand on the story about the Skinny. You told me how your friend came up with the idea of selling advertising in order to cover the cost of producing the brochure and how that expanded. So just talk more about how that expanded and became a much more significant part of the product line.

**Welke:** Well, initially I was trying to figure out how to finance a brochure that I couldn’t afford. And my friend said, “Well, you call one of your friends and you get them to put their program on the back of the brochure as an illustration of what’s in the catalogue.” So, I thought that was a pretty clever idea and I went back and I called—I think it was Dick Thatcher [of Atlantic Software]—and he said, “Hell, it’s a great idea. Sure, I’ll do that easily.”

Meanwhile, Sam, the guy who had made the suggestion, had talked to somebody else and they called me and I said, “Well, I think I’ve already committed to somebody else.” And they said, “Well, move it over and put both of us back there.” So, I figure that’s a pretty clever idea and I’d double my revenue on this damn thing. I’ll make money just mailing the goddamn brochure out. What a deal.” And then somebody in the office said, “Well, call a couple of other people.”

And we wound up calling enough people and everybody thought it was a pretty good idea and we had probably about 32 or 34 different companies that said, “Yes, we’ll take space, we’ll put our program there.” And we said, “Well, what the hell, now we’ve got a little book and we’ll use this as a Skinny, as an example of what the directory is all about.” Because the directory at that point had a 1,000 programs.
Johnson: Yes, it was a substantial size.

Welke: This is just a skinny version of the thing, but this is why you ought to get the directory. And, with the first issue at least, we didn't recognize it for what it's potential really was—turning this entire thing into an advertising-supported vehicle as opposed to a subscription-supported vehicle.

We could have, probably should have, kept both of them going side-by-side and yet, at some point, we looked at the Skinny, which was no longer skinny because we had 400 or 500 pages of information, all paid for, and realized that it was just a little money machine in every sense. We figured, "Well, what the hell, this is so successful, we'll break it down into the parts and then we'll have five parts that will each be as successful as this original." Well, not quite.

Johnson: That's when you broke it into vertical markets?

Welke: Yes, and then I allowed myself to be talked into putting editorial content in. And once you get into the magazine business, you are in a different business than when you are in the reference business. We made a transition into it, but we were pushed into it, and I don't know that I really did as good a job as I could've or should've in analyzing what it takes to be a successful magazine. It is a different game because your editorial drives you different directions than just the reference material content.

But that's how it went, it went from a very skinny Skinny to a very fat Skinny to five different broken out pieces, to which we then added editorial because we figured the editorial will serve the advertiser. That works to an extent.

Johnson: As a magazine, was it distributed free?

Welke: Yes.

Johnson: There was no subscription cost?

Welke: No, they were all controlled circulation. We started, interestingly enough, by distributing it to Datamation's audience. They rented us the list and said, "Gee whiz, sure, why not." And then after a couple of issues, they were beginning to recognize that we were pulling in thousands of dollars of advertising that maybe could've gone into Datamation because it was their damn audience. They pulled the plug on us and said, "That's enough of this crap. You guys go get your own list."

And that changed the equation for us as well because when you begin building a circulation that is a tremendous expense for a publisher.
Johnson: So, how long did you publish both the Quarterly and the Skinny?

Welke: The first issue of the Skinny was brought out in 1971 and we broke it up into five parts in 1975, four years later.

Johnson: And then how long did it go on from there?

Welke: Oh, we continued to publish the magazines up until 1991. We went through a couple of transformations but the magazines continued under 1991 and the Directory continued until 1993.

Johnson: And that’s when you went to CD-ROM.

Welke: No, we’d gone into CD-ROM in 1988, but then at some point we decided not to do both, just do the CD.

Johnson: They lasted a long time.

Welke: Yes.

Basis of The ICP Software Newsletter

Johnson: I think I have a little bit better understanding of how The ICP Software Newsletter came about now that you’ve told me how you were running around the country giving speeches about software and software products. I assume that the ideas that you were promulgating in the newsletter came from what you were saying in your speeches about what software was and why it was such a good idea. But tell me more about how the newsletter evolved.

Welke: You’ve got the story pretty well sorted. That was just about it. You meet a lot of people, you pick up a lot of different stories, you try and get it to as many people and as wide an audience as you can. And again, we just figured the newsletter was as cheap and dirty a way as possible to get the word out and spread the good news if you will.

Johnson: The newsletter was targeted toward software vendors, is that right?

Welke: Yes, exactly.

Johnson: And you wanted to get the word out to them?
Welke: Yes, because we wanted more and more content. We wanted people in the software business to think, by God, they had to be in the ICP quarterly.

Johnson: Okay, and by dealing with all these issues that the software vendors were facing, you provided content that they wanted to read and ICP got associated in their mind as the place that knew what was going on in the industry.

Welke: Yes.

Johnson: Or, that had said that there even was an industry.

Welke: Exactly.

Johnson: The newsletter was a subscriber-based as I recall. People paid for that.

Welke: Yes.

Evolution of the Million Dollar Awards Ceremony

Johnson: All right, let’s talk about the Million-Dollar Awards ceremony. You told me the story about how it got started with a guy that challenged you and said, “There’s no money to be made there.” And you said, “Yeah, we think there is” and came up with a list of 29 products that had sold over a million dollars. So you had an awards ceremony. You said that the first one was held in 1971 at an ADAPSO conference, so was it 1970 when you started planning that?.

Welke: We pulled all the information together at the end of 1970 and it was the spring ADAPSO conference down in Florida at either the Doral or in Boca Raton.

Johnson: You told me it was in Miami so it probably was the Doral. You also told me that you did it at an ADAPSO conference because you weren’t sure whether you’d get anybody to come and you wanted to get some press recognition. Was that first one the only one that you did in conjunction with an ADAPSO conference? And did you get press recognition? And what happened after that first one?

Welke: I don’t know that we got any recognition from anybody on the entire thing other than within the industry itself. We took pictures and we kept giving pictures to everybody that we could and we talked about it in the newsletter. We tried to be positive and use as much chutzpah as we could on the entire thing.
But I still wasn’t convinced deep in my heart that this was a significant enough move by a company like ICP—who the hell is ICP, you know—to get any kind of attention and to cause people to come to some meeting to do this kind of thing. That was really chutzpah. So, the following year rather than go to ADAPSO, we figured we’d hold one meeting in New York and then another in Chicago and another one in Los Angeles, right.

Johnson: So nobody had to go very far to get to you.

Welke: Yes, we’ll go to the audience and we did that for a number of years. And then after a while, the expense of it was getting a little out of hand and we figured we’d just do one and we’d do it in Chicago which makes it easy for everybody to get to. So, that’s when we started the annual one meeting only.

Johnson: Do you remember what year that was when you started that annual, one meeting only?

Welke: I think it was about 1974.

Johnson: When you had three meetings in New York, Chicago and LA, was it one set of awards representing everybody in the country? Did you do the same ceremony three different times?

Welke: Well, it was the ceremony for those people who signed up to attend each one of those three dates. Everybody knew that there were three and they had their pick as to which one they wanted to go.

Johnson: Okay, because I remember that people submitted their own forms saying that they had sold a million dollars this year so they should get an award. So, you would have three different ceremonies with three different groups of awards depending on who attended each ceremony.

**ICP’s Seminar Business**

My next question is about the seminar business that you were running in 1968, 1969. In our earlier interview, you said that the recession had a big impact on that and you had trouble getting people to come to the seminars. Did you go back into that business later or did that die with the recession?

Welke: What we were doing died with the 1970 recession. After that we came out with a different kind of a one-day seminar that did not use guest speakers, where I did all of the speaking on how you run a successful software company. I would go around the country and...
we would hold, oh, maybe six or eight during a year, one a month or something like that with the exception of summer. And I held it in New York and Atlanta, and Detroit and...

Johnson: San Francisco. I remember going to one in San Francisco.

Welke: Yes, and we would get 20 people maybe and no more than that. The big seminars that we were doing back in 1968 and 1969, we were pulling 200 and 300 people together on subjects involving buying and selling software.

Johnson: With the big seminars earlier, was there a big contingent from the buyers? Were those targeted toward people who would be buying software product telling them how you go about buying a product?

Welke: We promoted it as if it were a half day for buyers and a half day for sellers and it turned out that by far the majority of the audience was always sellers, not buyers. We caught on pretty quickly, and we’ve always had it as a tenet of our operation, that there is more money to be made by dealing with sellers because the seller has a greater need to tell than the buyer has to know.

Johnson: Oh, that’s interesting.

Welke: Yes, so the seller is always willing to pay money to be able to tell or carry his message to an audience. The audience doesn’t give a damn about hearing a message at all. They are inundated with messages, you know, just stand still and you get covered up. I mean, why should I pay?

Johnson: That relates directly to the shift in the paying audience for your publications from the buyers to the sellers of software. It sounds like that shift took place really early on.

Welke: Yes, very, very early on.

Johnson: And from that point forward, you really saw your customers as the sellers of software and it was a question of how to package the information that they wanted to get out versus your original concept that the buyers of software were going to pay for getting this information.

Welke: Exactly.

Welke’s Role in Bringing Software Companies Into ADAPSO
Johnson: I’d like to have you go over a subject that we’ve talked about a lot, which was your role in getting the software companies into ADAPSO and how that all occurred. Every time I talk to one of the software entrepreneurs who was around in the 1960s, they always say that the Denver meeting was such a critical point in the industry coming together and that you organized that Denver meeting.

There was also an organization called AISC [Association of Independent Software Companies], which seemed to be mostly professional services companies, that was absorbed into ADAPSO. I don’t really understand all the things that occurred. You were bringing software vendors together, and Informatics and ADR and some of those companies already had an organization of some kind. Tell me what you remember about the sequence of events that occurred.

Welke: Yes, because of my getting to know Dick Jones and Marty Goetz of ADR, I got involved in that software organization in DC.

Johnson: And that was AISC?

Welke: Yes, exactly. But there weren’t any more than 12 or maybe 14 firms that were members of it. It wasn’t big enough to have its own administrative staff or anything like that and they were just sort of limping along. The notices would get out late so nobody would know that a meeting was going to be held or where it was going to be held. It was just general disorganization and yet everybody that was a member recognized the importance of having some kind of an organization, and you would get people like Frank Wagner [of Informatics] who would just go on eloquently for hours about how this was a necessary thing.

Johnson: Do you know who originally pulled that together?

Welke: No, I don’t.

Johnson: Okay. As I understand it, the members were professional services firms. It wasn’t the software products firms, although companies like ADR and Informatics became products firms after starting out as professional services.

Welke: Exactly. It was the body shops that were marketing to the federal government that got that organization going. And then because of my involvement with ADAPSO, I suggested, “Why the hell don’t we put this under ADAPSO and have ADAPSO run it and they’ll provide the administrative help.”

And they said, “Okay, but we don’t want to get swallowed up by a bunch of goddamn service bureaus because we’re not service bureaus, we are professional services.” And there was a little bit of an argument with Jerry Dreyer [Executive Director of ADAPSO] because he was
concerned that these guys were going to be prima donnas. So, we took it to the ADAPSO board and they were very eager to build something more than what ADAPSO was at the time.

Bernie Goldstein and the other Board members wanted to build ADAPSO membership. So they thought the idea of picking up another 20 members would be great. And maybe they ought to create something a little bit special for them to make them feel more comfortable. So, that's where the whole idea of sections began. The Denver meeting was an appeal to the 20 or 25 firms that I knew that were in the software products business. I just went to everybody that was listed in the directory and said, “This is what we’re going to try and do. If you want in on it, get your rear-end into Denver for a day.” And 25 or 26 or so showed up.

Johnson: And you presented to them that you were going to merge AISC into ADAPSO?

Welke: Right, and if you join you’ll have your own software association within the administrative protection of ADAPSO.

Johnson: Most of the companies that came to Denver were not members of AISC, right?

Welke: That’s right.

Johnson: And apparently most of those guys had not even met each other until that point.

Welke: Exactly. Maybe that was biggest attraction of all, you know, that these guys would actually look at each other in the eye across the room. That Marty Goetz and Dick Jones would get a look at Joe Piscopo [of Pansophic], you know.

Johnson: You know one of the things that’s interesting is the fact that there wasn’t a regional locus of this industry. There’s a book out called, Regional Advantage, written by AnnaLee Saxenian, who is a professor at UC Berkeley, in which she analyzes Silicon Valley versus Route 128 and talks about how critical it is to have this proximity among these companies and how they feed off of each other.

And yet the software industry when it started had companies in Chicago, Woodland Hills, Princeton, Atlanta, Cincinnati, all over the place. So, it was really ADAPSO that played the bringing people together face-to-face kind of function.

Welke: A very, very key role, no question about it.

Johnson: And so what you did was specifically bring these guys together to tell them what you were going to do because you knew them because they were your advertisers. And that’s what created a sizeable software section in ADAPSO, which at that time, included both kind of
companies. I think it wasn’t until the 1980s that the professional services companies split off and formed their own section.

Welke: Exactly.

Johnson: Well, thanks so much. That’s my list of questions for now but I’d like to get back to you if I think of anything else to ask.

Welke: Always my pleasure.

Johnson: Bye.

Welke: Bye.