



## Stanford eCorner

### How Danger Turned Down Some Opportunities

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Video URL: <http://ecorner.stanford.edu/videos/1141/How-Danger-Turned-Down-Some-Opportunities>

Danger decided not to enter the wireless cash market. Hershenson explains the importance of focusing on what is essential to the product, and avoiding nonessential sources of competition.



#### Transcript

People who spoke here not that long ago, we talked to PayPal guys a long time ago and one thing is really interesting in talking about make versus buy. In the business world as well, there are things that you want to focus on and the things you are actually consciously want to avoid sometimes and we toy with that idea in the early days about things like E-cash and electronic wallet and stuff like that and I think that's an area we probably--when more prevailing solutions and center based things come out we would be in a position to support it. But I don't think that what we want to do is decide we're going to boldly go into that ticket sort of right now. There's just lot of issues around it that if we devoted our engineering to it I think we could probably come up with a reasonable solution there but something like that we'd probably partner with somebody who has a lot of technology and whose going to solve some of those stronger issues rather than decide, "Okay we're going to get into the business of doing say E-cash." It's not just a technical problem. So there's this one called the mobile payment form right where its basically every bank, every credit card company, Visa, American Express, MasterCard trying to get together and come up with technology that basically suits them as far as their security needs go. We knew that we couldn't change that. We knew that we would potentially be in the mechanism for them to deploy whatever standard they come out but we also knew that we wouldn't become a bank. And those guys got to have to keep it together because we don't want to compete with them. But didn't PayPal initially when their companies do the swapping between the two palm? They have the palm version, yes. I think they sort of discontinued that on an installed basis kind of agreement that internet users, palm users and the...

The product was... Right but the comment that you just made with the banks needing to be in the same form... Sorry. I don't work at PayPal right but I bet if you ask the PayPal guys why did you get out of that business, they would basically say we couldn't lead, we couldn't be leaders in that category, right? We can't enable mobile payments just being a startup company in Palo Alto. And it's all about focus right? It's who do you want your partners to be? Dangerous partners or the wireless carriers?