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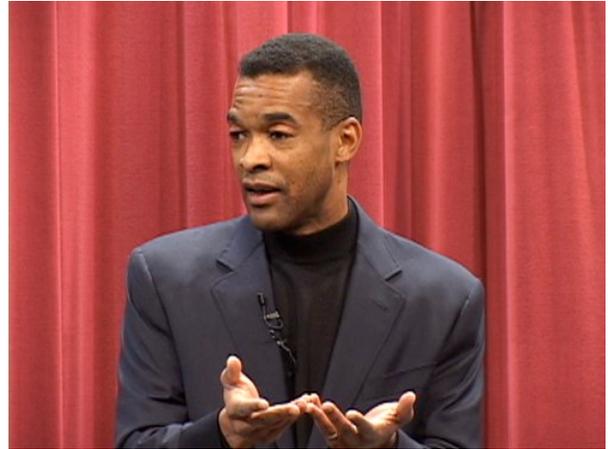
Importance of a Scalable Business Model and Architecture

Kenneth Denman, *iPass*

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Video URL: <http://ecorner.stanford.edu/videos/1316/Importance-of-a-Scalable-Business-Model-and-Architecture>

Kenneth Denman, chairman, president and chief executive officer of iPass, believes that the architecture of a new business will make or break an entrepreneur. He discusses the importance of a scalable business model and the difference in the vision of the smaller companies versus the bigger companies.



Transcript

What I hope to leave you today with is a sense of some of the principles that I think any entrepreneur should think about when you're trying to build a business, you know. Obviously, you want to solve a problem that people are willing to pay for. But you don't want to attack that problem haphazardly. You want to focus on the architecture because that architecture to live or die at the end of the day. Not only does it have to be economic on the front end but it has to scale on the back end if and when you are very successful in growing that business and inevitably, if you don't get both of those equations right, you can never have a big, big thought. And I would humbly submit that while we have quite a ways to go until we get into the elk of the company's names that I'm about to mention, if you look at the very, very successful platforms that are out there, the Amazons, the eBays, etc. they all had this common phenomena, which is they had a core platform thought. And while there were kinks to be worked out or problems to be addressed, ultimately their model and their architecture scale. And that's the difference between a nice small business and a stupendous great big ass big business. The bigger companies can't take on something because it looks so small they don't have the vision for the size of it.

You know it's not something that would hit the board at a board meeting because there's not enough return of investment, not enough magnitude of opportunity for them to go attack and that's why over the next five, ten years many of you are going to have great opportunities to create businesses and markets. Because the big boys and girls just don't have the time to focus on the vision.