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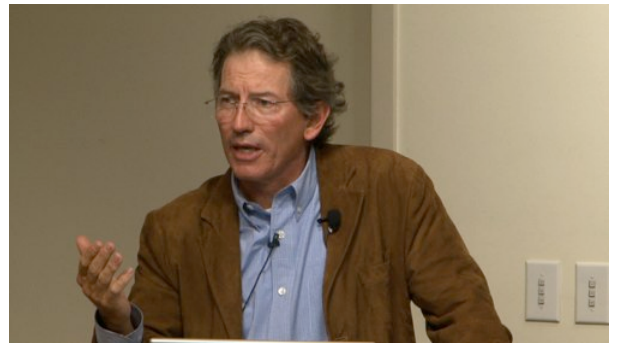
Recalling the Golden Growth of Information Technology

Tom Siebel, *First Virtual Group*

February 11, 2009

Video URL: <http://ecorner.stanford.edu/videos/2178/Recalling-the-Golden-Growth-of-Information-Technology>

Tom Siebel, Chairman of First Virtual Group, paints a picture of the dramatic explosion of the dot-com boom; an era, he recalls, where "risk was a business problem, and not an anathema." With a 17 percent growth rate - an increase unprecedented before or since, says Siebel - the business opportunities of the 1980's era appeared to be unlimited. Changes in technology were total replacements, rather than incremental, meaning that every client had to buy and keep buying or find themselves lagging into obsolescence. He credits this free market flow with conjuring a revolution in computing and communications.



Transcript

Now if we look at the big picture from 1980 to 2000. 1980 seems like ancient history to some of you guys, it was not that long ago. OK, but we look at the overall environment going on. In the United States, certainly we had enormously friendly government policies related to how we dealt with risk. Risk was a business problem not an anathema. We're dealing with encouraging innovation, entrepreneurship, broad concepts like broad based employee ownership. And it was a very, very favorable regulatory government environment towards business. We had a very efficient capital market system that resulted in an incredibly fluid flow of capital to innovation. We had a global environment that was characterized by cheap and abundant, virtually seemingly infinitely abundant energy. And all of this took place in the context of an information revolution that was quite phenomenal.

So that drove a market. That information revolution drove a market from 1980 to 2000 that grew at a 17% compound annual growth rate. Go do a Wikipedia on that and you will not find a lot of markets that grew that fast that long. So it grew from virtually nothing to over a trillion dollars in that period of time. A market growing at a 17% compound annual growth rate, all you had to do was show up and not goof it up. All ships were rising. It was crazy. It was like 1999; you just can't imagine what it was like. It was something. And every one of these were basically total replacement markets.

This were not incremental advantages on the last generation. So when you were involved in any one of these kinds of revolutions and you're calling on a customer, it wasn't a question if they were going to buy it. They might not think they were going to buy it but you knew they were going to buy it. It was just a question whether it was this year or two years from now. And they were going to buy or they were going to go out of business. They were going to be non-competitive. So these were entire replacement markets and that in turn drove a market that grew at 17% compound in annual growth rate for two decades. It was a great business.