Stanford eCorner

The History of Palm and the Part-time Entrepreneur

Jeff Hawkins, *Numenta*

May 13, 2009

Jeff Hawkins, Founder of Numenta, was an early observer of the idea that people wanted their primary personal computer to be in their pocket, thus he launched Palm in 1992. The self-described "reluctant entrepreneur" says that he never intended to launch a mobile computer industry (or any company, for that matter) and he describes how he negotiated a limited, part-time relationship with the company, despite the hopes of his investors. He describes in detail the organization's first big failure and its first huge success with the Palm Pilot, and a timeline of the company at large.

Transcript

I was working on these tablet computers and then I got this other second bug. I got the neuroscience thing going, and the second one was that I realized that in the future that everyone is going to have a personal computer that fits in their pocket that that would be the primary computing device for everybody. That we're accessing a pocket-based computer more often they'll be accessing anything else, and that this is inevitable, it was going to happen but I could make it happen sooner. We could do a good job at it and I'm really excited about doing this. And so now I have these two passions: One when I did the mobile computing thing, and we'd say the future of personal computing was mobile computing, and then I have the neuroscience thing, and I have to decide what to do. So I said to myself "I'll just go do the mobile computing thing for another four years." I put the neuroscience thing off a little bit longer, and this is where I end up starting my first company. Now, I want you'd to call a reluctant entrepreneur. I have started four corporations, one was a non-profit and I'll tell you about that, too. So Tina mentioned three, but I started four and each time I was reluctant to do it. Each time I really didn't want to do it and when I'll tell you I'm being honest about it, you'll see why.

But, so, what happened was I started talking at industry conferences about the future of personal computing being mobile computing, and how you can design these small things and what's it going to be like. You got to imagine it was pretty hard back then because at that time there was no technology to do this. There was no good battery technology. There was no low-powered CPU's. There were no good small displays. There was not even good packaging technology. No one was doing anything with wireless. The Internet didn't exist as a consumer phenomenon, and nobody had cell phones. To say that we're going to build these mobile computers that we're going to be doing all these things - we didn't know what they're going to do yet, for people weren't listening to music or watching movies on their computers at that time. It sounded kind of crazy.

But whatever is going to happen is going to happen. So, anyway, I was approached by a couple of VC's, and they said "We'd like you to start a company," and you think, "Wow, wouldn't that be great." I said, "I don't want to do that." And the reason why is because I saw a lot of other people start companies and what happened. They worked like dogs. They got divorced. They sold their house. This looked like a miserable lifestyle and I'm not into that kind of lifestyle. I don't work weekends, I don't work long hours, and I'm like, I don't want to do that. So they said, well, we'll help you. I said ok, I'll only do it if you'd really help me. I want you to promise here's what you're going to do and blah, blah, blah.

I said I'm going to hire someone to run the company but I don't want to do it right away. They don't believe me, by the way. My VC's thought that I really did want to run the company, and that I was just kind of going to wait and try to convince them, but I really didn't want to run a company. But I said alright, but it's worth it because it's such a cool idea that we're going to build these mobile computing devices and that was going great. That's how Palm got started in January 0f 1992. Now, like a lot of startup companies, Palm had its problems. It almost went out of business. Its first products were a complete failure. We partnered with Casio and Tandy and some other companies, America Online and so on. It was a total mess and we had this product called "Zoomer" which came out the same time as the Apple Newton so we were the second fiddle to the worst product ever.

So that was really big, Casio versus Apple and Apple fails and Casio is not going to do anything. So that's our situation. But what we had $3 million in the bank. We had 27 employees. Our investors all except for one, all investors said, "This is a failure. We're getting out of this." But we have $3 million left; we couldn't waste any more money so we said, "Ok, what are we're going to do?" And we said, "Let's keep going after - we're passion about mobile computing and let's do it. Let's try to figure it out." So we went back and we interviewed all our customers who bought the Newton and bought the Zoomer and so on. We said, "What do you want this thing to do?" And they said, "Well, I wanted to be like my organizer, but synchronize with my assistant and so on." We listened to these people and then we said, "Ok, we're up against paper. We're not up against computers. We're going to make an electronic organizer that's a handheld computer," and that was what became the Palm Pilot.

We developed the product at $3 million. We didn't have enough money to bring it to market. There is no way in the world that anyone was going to fund us, even though we're on the verge of having one of the most successful consumer products of all time. So we actually sold the company for $44 million - which some people thought was like miraculous how did you get that amount of money for a failed company? Other people said, "Oh my God, you gave the company away." But anyway, we sold it to U.S. Robotics but the entire team stayed on because we're all still passionate about this mission of mobile computing. So the company went to a series of acquisitions and is now being owned by 3Com; 3Com is mismanaging it. One thing I should tell you, when I started Palm it was in my employment contract that after four years I can go do neuroscience. It's there, I have this book when you do a founding of a company they give you these books - you'll see if you ever found a company, a book with all the documents in it. Mine says I can work on neuroscience. Palm is being very successful, I was now working part time at 3Com/Palm doing my neuroscience and then we're having this sort of management difficulties with the senior managers at 3Com.

I forgot to mention I did hire the CEO, her name is Donna Dubinsky, and I hired her six months after we started Palm so I've been working with her for many years. Anyway, so one day Donna walks in my office, "Jeff we just resigned." What do you mean we just resigned? She says, "We just resigned." "The two of us?" "Yes." So I was really mad at her for resigning for me but you might not realize why. It took me a lot to realize it. Because the reason we resigned or she resigned this I was mad because we basically felt that Palm was going to fail under 3Com. There was going to be driven out into the non-existence and that we didn't want that to happen so we're trying to argue that they spin the company out. They argued we'll never spin the company out - this is Eric Benhamou. I will never spin this company out of 3Com and we said, well, you're going to kill it then, therefore we have to leave. And we'll have to start a new company. So we basically resigned to start a new company, which was Handspring. Well, guess what? When you're start a new company you can't work part time anymore.

So my neuroscience dreams were like fading away from me when the moment Donna walked in my office and said we just resigned and I was like, "Hey no!" I felt like "Oh my God, another four years! Right, so, ok, I'll do it for you." Actually we agreed that I would work for full time for two years and then I'll be able to start working part time again.