



Stanford eCorner

Advice and Adversity

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"You must decide how you receive advice," says Mårten Mickos, CEO of Eucalyptus Systems. Mickos believes this simple, but important, concept is critical for young entrepreneurs who will be bombarded by input and challenges from all sides. Using a story from his experience at MySQL AB, Mickos illuminates the need to re-evaluate your position based on new information and adversities.



Transcript

you easily in a startup, you drive so fast that you get blind, you get tunnel vision, you don't know how fast you're going, whether you are going slow, you don't know where you are heading, you see some lights here and there and you drive there and every now and then you must rise up and say where are we really, what do we believe in and where are we heading. And that's what allows you to be successful and allows you to stay on track. But of course, like all entrepreneurial advice they always come with a caveat and there is always a contradiction in every piece of advice. So, if I tell you, stay your course, stick to your strategy, believe in your beliefs, all of that, then tomorrow I will tell you, remember, if you need to, you pivot. If you change - need to change your strategy, do it. And then say so which one is it. Well, we never know. Advice always comes in two shapes. There is, you know, the advice against doing something and the advice for doing something and you need to decide how you would receive advice. And that was a very important learning for me.

In one of these episodes, the first that nearly killed MySQL. So, I joined as CEO. We had a partner in the U.S. I traveled to them, I said, hey, we love your partnership but this paper we signed isn't really a partnership and you are not living up to your side of it and, you know, we need to renegotiate and get a new model going. And they negotiated with us but they said, hey, what is this? You signed this paper, we now have these rights. We have the right to use your trademark in the U.S. and we own this and we own that. I said what is this? And suddenly one day when we were negotiating with them on the last Friday they said could we take a break. We took a break and David Axmark and myself, one of the co-founder and me, we came back at 5:00 p.m. to their office and we were met by - we were, had traveled from Scandinavia - were met by a local sheriff in the corporate office.

And he said, "Are you Marten Mickos and David Axmark?" I said, yes. And he hand us two yellow envelopes and said, "You are hereby served." So we got sued by a public U.S. corporation when MySQL was not even a company. MySQL back in Scandinavia consisted of four different companies of the founders, we hadn't raised any capital yet, we had term sheets signed a few days earlier, but we had no money. And I went back to John Wattin, our Chairman to be and said, "What do we do now? We can't afford the lawsuit, we have no company, we have no money. What do we do?" And I was ready to give up. I thought I had been here just a few months. This isn't what I ordered. I thought this would be a business build-up. But John said, "Marten, now, let's figure out something really bold here." So we decided to go back to all the VCs and say, guys, good news and bad news.

Bad news, we've been sued in the U.S. Good news, we will give you twice the amount of shares for your money. And now Scandinavia's pride is at stake. You are not allowed to withdraw. And of course, any smart VC would have withdrawn. You don't invest in a company that is just being sued, but we used all our methods of influencing and said, you cannot withdraw because the Norwegians aren't, so you Swedes cannot. We have VCs from Norway, Sweden and Finland. So, ultimately, we

got all their money, we spent half of that money on the lawsuit. We ultimately won. It was settled, but we got paid - a payment and it was the best marketing campaign ever for MySQL.

The little company from Scandinavia being sued by a big nasty U.S. corporation. It worked. So that shows how you must have belief and somebody must believe in you for this to happen.