



## Stanford eCorner

### Transforming Customers and Businesses

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Video URL: <http://ecorner.stanford.edu/videos/3111/Transforming-Customers-and-Businesses>

Publisher and entrepreneur Tim O'Reilly offers insights and inspirations that have influenced the successful growth of his business. O'Reilly also challenges companies to think in terms of the kinds of transformations and results they can help customers achieve.



#### Transcript

My initial business plan was, interesting work for interesting people. And it was not more than that. And what we did originally was a tech writing consulting company, but I started getting asked to write manuals for the same kinds of products and so I started retaining the rights. These were things like 'oh, well you want a Fortran manual? We've already got one, and we'll sell it to you'. And then that turned into the publishing company because we realized that - we were originally selling directly to companies, so we'd license - effectively we're a documentation company, we say 'okay, you can pay us \$25,000 and have it in six weeks instead of \$50,000 and have it in six months.' But then we realized that people were more excited to actually buy individual copies. And the big turning point in our business was Sun Microsystems had turned us down on a \$25,000 license fee for our Xlib programming books and then a year later they bought \$1 million worth of printed copies of the same books. And we went 'oh, okay wait'. And - but again when we really thought about that, it actually made sense because when we sent - sold them a source license they had to go manufacture tens of thousands of copies of these things and this is in the day when you would print out - companies would print out their manuals on a dot-matrix printer and put it in a binder and it cost them the same amount of money as buying the individual copies from us. So it was actually not as crazy as it looked. So again, getting a little deeper I think into your customers' problems is a really important part of understanding the business.

We launched our conference business because - it was really actually because of a Microsoft ad campaign I think, it was in 1997 when they were promoting a technology called ActiveX and they actually had television commercials. And Andrew Schulman who was an author who was working for me at the time, had done a lot of books about Microsoft Technologies said that in this particular ad campaign all of the sort of activate the Internet things that they were demonstrating in the ad were done with Perl, except for this one little animated taxicab which was the ActiveX control. And I was sort of a little - I was sort of pissed off about that, and I decided - and this came at the same time as the book buyer at Borders had told me that Programming Perl had been one of the top 100 books in any category at Borders the preceding year. So I went, 'woah. And nobody's talking about Perl, so I'm going to do that' and I launched my Perl Conference really just to promote Perl. Again, nobody's - it's not getting any respect. That turned into a really good business. So we - then we launched the Open Source Convention and then went from there to realize that organizing conferences was a great way to help promote the technologies and ideas we cared about. Somewhere along the line we realized, wow, we could invest in some of these things. So we launched our venture firm.

So we just kind of - there was probably a big turning point for me, was around 2000, I think I read the book Built to Last by Collins & Champy. And I remember we talked about great companies having big, hairy, audacious goals. And I sat there and I thought what ties everything that I do together? And what I wrote down was changing the world by spreading the knowledge of innovators. And that helped us realize that we weren't just a publishing company, that we really were about finding interesting people, finding interesting ideas and amplifying them. And it drives everything from our - the businesses that we're in, to the

marketing that we do. And we're always looking for those ideas and those transformations. By the way, a book that I would recommend, it's an e-book that I read recently that is really helpful in this regard is - it's by Michael Schrage, called *Who Do You Want Your Customers to Become*. It's really worth thinking about. He makes the point that really great companies have an idea about transforming the lives of their customers. The examples he gave, Henry Ford, didn't just invent the assembly line, he invented the driver.

He invented the weekends, so people would have time to go drive cars, he invent - there are all these ways that he thought about changing people. And you think about how the iPhone isn't just a piece of technology, it - the smartphone has changed who we are, Google changed who we are, Google didn't just create a search engine, they created a population of people who take for granted that they can find anything they need to know. And that's a really, really powerful idea.