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### A Steve Jobs IPO Story

Ed Catmull, *Disney/Pixar Animation*

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Ed Catmull, president and co-founder of Pixar Animation Studios, details the foresight that the late Steve Jobs had while serving as Pixar's CEO. Jobs predicted that the right time to take Pixar public was just after the debut of Toy Story, because he knew how successful the film would be. Catmull was in conversation with Stanford Prof. Bob Sutton.



#### Transcript

And this is where Steve was showing his brilliance. Around this time, Next is not working out so well. And I've got a good relationship with Steve, all of us do, but we didn't want him there full time. He was really good part time, because he faced outwards and he let us, excuse me, I keep raining. Just put it on the table... So we're out trying to figure out how to make this movie. And we were a group that had been through failures together, we'd experienced that. And it was really difficult to figure this out, and we made a lot of miss-estimates. And the first version didn't work very well, but as we got closer it became apparent that we were onto something really big. And I have to say, John Lasseter believed right from the beginning that this was going to be gigantic.

But from Disney's point of view it was a boutique film, so they didn't put any consumer products behind it because they didn't see it being anything. But as we got into the last year, it was now apparent it was big. And so Steve said, okay now we are going to revolutionize this industry. But we are also in a position where because we've got the experience here, not only do we have the first film out, we will probably have the second film out before anybody else can get into this. But the deal that we had with Disney, frankly was not a very good deal, we got like three to five percent of the profit, something like that. So it was not... Not very good. Not very good. So Steve called John and me together and he said, okay, our deal lasts for three pictures and at the end we are on our own. Michael Eisner will realize as soon as this film is successful that he will have just created his biggest nightmare.

So he will not want the contract to end. So when the film comes out he will renegotiate, and when we renegotiate I want 50% of the profits. But if we get 50% of profits, that means we have to put up 50% of the money. So in order for us to put 50% of the money, we have to have the money in the bank, therefore we should go public. So John and I were saying, whoa, whoa, whoa, this is a little early here! Let's prove our worth first. But Steve being Steve, he had a compelling way about him. So we put on the roadshow, we went out and showed pieces of the movie. But what he told people as we went on the roadshow, so I went out with our CFO Lawrence Levy and Steve. And as we went out, the argument was that the company will go public one week after the movie opens, so you will see that we're changing the industry. And so that's the prep, so the movie comes out, it opens huge, it gets incredible reviews and then next week we go public.

And it was the biggest IPO, it was bigger than Netscape. Incredible. It was an incredible thing.