



## Stanford eCorner

### The Dawn of Digital Technology

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Video URL: <http://ecorner.stanford.edu/videos/4256/The-Dawn-of-Digital-Technology>

Former Secretary of Defense William Perry talks about the landscape of Silicon Valley before the region earned that name. In conversation with entrepreneurship educator Steve Blank, Perry recalls how he left a senior position at a large corporation to start his own company after realizing that the emergence of semiconductors would render existing technology obsolete.



#### Transcript

- This was back in 1963. Before there was a Silicon Valley, it used to be called Santa Clara Valley. When Cupertino, instead of having Apple, had apricot orchards. And when Mountain View instead of having Google, had truck farms. I mean, the area was so much different then you could hardly imagine it. When you could buy a lovely new four bedroom two bath house for \$25,000. So the world was very, very different then. But in particular, people were not going out and starting companies. The idea of a start-up, the idea of a Stanford graduate rushing out and starting up his own company was just unheard of. Everybody worked 10, 15, 20 years with nothing coming but only planned to make their career doing that.

So back to your question, why did I leave? I had a very good job, with a very good company, and two reasons, I just got annoyed by the administrative apparatus, which is on top of me. Sylvania, which is the company originally I had worked for, had been bought by GT and E, which is a big electronics company, a big behemoth company, and with that came a whole set of procedures and processes and just a pain in the neck as far as I was concerned. And the second thing that happened about that time, was the digital age was starting. To talk to this audience that the digital age is starting would seem hard for them to imagine. Just to put it in context, they had all of the military equipment, 99% of the military equipment, still had vacuum tubes in it. It was a very, very different world, but the digital age, you could see, was gonna change everything. I wanted to introduce that big time into what I was doing in my laboratory. The parent company, Sylvania, was the worlds largest manufacturer of vacuum tubes. - (laughs) - And they understood that semiconductors were gonna make a difference, they had a semiconductor laboratory. It was very clear to me that they could not seize that opportunity.

It's what I called then, the liability of leadership. If a company has a leadership position in a particular field or particular technology, and a new, disruptive technology comes around, that company almost never is able to seize the new opportunity, even though they see clearly what the opportunity is. It's like they have to kill their own baby - And why is that? - It's a psychological thing - Psychological? And the leadership of the company? - And the leadership of the company, they have so much invested, psychologically, and financially also, in their current products, they cannot really grasp the idea of bringing along new product to kill the one that's been successful for them.