

An Interview with

JOHN IMLAY

OH 384

Conducted by William Aspray

on

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Abstract

Imlay describes his parents and his childhood, his overcoming awkwardness as a child to become an outstanding public speaker, and his training in technology and management at Georgia Tech.

Upon graduation, he worked at Royal McBee, where he sold their LP-30 computer and then sold computers for Honeywell for eight or nine years. One of his clients at Honeywell was a small Atlanta-based company named Management Science America (MSA). He took over MSA when it entered receivership. Considerable attention is given to his work in getting MSA out of bankruptcy and using bankruptcy as a strategic tool of business. He discusses the growth of MSA and how to manage that growth, and some of the business challenges that this presents, including hiring and retaining employees. Some of the other business issues discussed in the context of MSA was managing technology in a rapidly changing environment, doing business in an international marketplace, software piracy, relations to IBM, the role of the trade association ADAPSO, taking the company public, and competitors such as McCormack & Dodge. Other business issues include the acquisition by Dun and Bradstreet and staving off a hostile takeover by Computer Associates. The interview concludes with discussions of how to run the business and maintain a family life while traveling extensively, and what he has done in retirement.

Preface

As part of the Software History Center's collection and preservation activities, and in conjunction with its meeting on the history of personal computer software held in Needham, MA, on May 7, 2004, the Software History Center (SHC) arranged for 14 oral histories to be conducted with computer software company founders and other key industry participants. All of these oral history interviews were conducted by historians well qualified by their knowledge and interest in computing history.

The following is a list of the people who were interviewed together with the name of their interviewer:

John Brackett and Doug Ross, interviewed by Michael Mahoney
Dan Bricklin and Bob Frankston, interviewed by Martin Campbell-Kelly
Dan Bricklin and Bob Frankston, interviewed by Paul Ceruzzi
Jerry Dreyer, interviewed by Thomas Haigh
Ben Dyer, interviewed by Nathan Ensmenger
Dan Fylstra, interviewed by Thomas Haigh
Gary Harpst, interviewed by Tim Bergin
John Imlay, interviewed by Bill Aspray
Luanne Johnson, interviewed by Janet Abbate
John Landry, interviewed by David Grier
Mike Maples, interviewed by Nathan Ensmenger
Seymour Rubinstein, interviewed by Jeffrey Yost
Jonathan Sachs, interviewed by Martin Campbell-Kelly
Oscar Schachter, interviewed by Thomas Haigh

Each interview was tape recorded, transcribed and edited by the SHC, the interviewer and the interviewee to ensure clarity and readability without changing the style or flow. The original tapes along with the edited transcripts were donated by SHC to the Charles Babbage Institute (CBI), which placed the edited transcripts on the CBI website and have archived the audio tapes.

On January 1, 2005 the Software History Center merged with the Computer History Museum, and its work is continuing as the Software Business History Committee as part of the Museum's activities (see www.softwarehistory.org).

Software History Center Oral History Program
John Imlay Interview

Bill Aspray: This interview was conducted on May 7, 2004, in Needham Massachusetts with John Imlay. The interviewer is William Aspray.

BACKGROUND

John, would you start by telling me a little bit about your parents, what they did, when you were born and what your childhood was like.

John Imlay: I was born on August 26, 1936, in Jacksonville, Florida. My parents -- my mother came from Illinois to Florida and Dad came from Brooklyn to Florida. He was in the shipping business. You might wonder what effect that had on me. As the shipping business began to disintegrate, he moved to Savannah, Georgia, where I went to grammar school, junior high school and high school. Then I went to the Georgia Institute of Technology in Atlanta. If you're a young person looking for what you're going to do in the future -- I had a pretty good aptitude for math, science and excelled in those areas -- and my father being in the shipping business and director of personnel for two shipping companies, counseled me. I wanted to be a ship's captain. But he explained that this industry was like the buggy whip. It was going away; he was having great difficulty keeping the company alive, between the combination and mergers of shipping companies and that eventually boats would go away, planes would come in, and so forth.

To find something in life that was on the go -- as in the movie "The Graduate," they said "plastics." Dad suggested that I venture down to the computer lab, and I did that at his insistence in my freshman year. I befriended a professor named A.P. (Pete) Jenson. He took me in and after they had the first Univac I delivered, we built a buffer for it; we experimented with it. It was very rudimentary. I think that Tom Watson, the Chairman of IBM, said at that time that there was probably a market for only five or ten computers in all of industry. And I became fascinated and saw more than most people did, in what the future would bring - namely through Pete. I still communicate with him today; he's very ill now. And he knows Bill Atchison very, very well. Bill replaced him because Pete went on to become Dean of the Computer Science Department and Bill replaced him and they're still very close friends. [NOTE: Since our conversation, Pete Jenson has passed away.]

So that moved me in the computer direction, and when I graduated, I went to work. Obviously the first thing you do is interview with IBM. This is an interesting story. I went through all the hoops with IBM, and their man in Savannah, Georgia, where my home still was, invited me to come on board. Two or three IBM fellows came and congratulated me, and I crossed

my legs -- I had on argyle socks. The interviewer said, "Now, you'll have to get rid of those argyle socks." And it just hit me wrong, so I took my shoes off, took the argyle socks off, left them on his desk and never looked back. And I've competed with IBM ever since!

It was an interesting start. I did not go to IBM, I was too independent; there was no thought that I would ever take off mamma's argyle socks! And that story went through IBM – throughout the whole company at that particular time. I think it helped soften them up from then on, but that happened a long time ago.

Aspray: Can I ask you a couple of questions about those early days? When you were growing up, did you have an interest in science? Did you do ham radio or science projects? Was there a particular interest in those kinds of things?

Imlay: Yes, the high school science teacher that most impressed me was a fellow named Ashton Varnadoe. I really worked very closely with him on several projects. Radar was new at that time and I did some research for him and became intensely interested in that. I was pretty good in math, and I was in all the clubs in school -- I was in the science club and the math club and the Beta club. I seemed to have an aptitude for it and that's why I picked Georgia Tech and I chose to go into mechanical engineering. But when I got to Tech I didn't like it. I didn't like engineering; didn't like a lot of things, and I struggled in the second year. So I switched majors into management and that's the best thing I ever did because it gave me the ability to have enough management background and training to manage technical people. Later on it became a perfect background.

INITIAL BUSINESS EXPERIENCE

Coming out of Georgia Tech, I went with a company called Royal McBee. They had systems which had a key -- I mean this is basic systems, so you have to understand how the system works. This was not mechanical. It used something like an ice pick to go through holes around the edges of cards, and you would do a manufacturing system or an accounting system. I did a whole bunch of them with these cards. No calculators at all; they were notched and selected based on the notches.

Aspray: It was a way of sorting,

Imlay: Yes, that's exactly right. It was a way of sorting the cards and so forth. I was with them for a couple years and they came out with a small computer called the LGP-30. Having had computer background at Tech, I grabbed hold of it, which none of them understood, and was able to sell about 10 or 15 of them and was the darling of the company. Univac then pursued me and I sold Univac computers for a period of about 8 or 9 years; then the management of Univac that I worked with went to Honeywell. So then I sold Honeywell computers for about 4 or 5 years and I sold 20 of them to a little company called Management Science America (MSA) that was forming computer centers throughout the southeast.

Aspray: You were still located in Atlanta?

Imlay: In Atlanta. I've always been in Atlanta. I love the roots; I love the ability to be there. Now I'm part of the fiber of the whole city - involved in the football team, involved in just about every charity and so forth in the city.

But anyway, I stayed there and did not want to move. They wanted me to move and go to Chicago. I told them, "What part of Georgia is Chicago?" I just wanted to stay in Atlanta, and that was a wise decision. And my goal at that particular time was to have my own business in Atlanta. I had sold a bunch of computers to all the different businessmen and became very good friends with most of them. So when the bank had difficulties with this company called MSA, which had been formed by five Georgia Tech graduates, I looked over and saw Ross Perot go public with EDS and I said, "We're going to do the same thing." I got some financial backing, but expanded too fast into 20 different businesses from advertising agencies through software through other things. Now I'd been in the computer business, and the biggest problem we had was when we sold a computer, since we always needed programs. Since we had the programming, why shouldn't we package these applications? No one had ever done that at that particular time.

So this was an opportunity. I disbanded every part of MSA except the software business, which had about 100 very good customers and sold an application for banks -- a financial accounting application. As that took place, we had to go through bankruptcy. I kept 50 people out of 850 -- if you can imagine that -- 800 people were fired with no severance pay since we had no money. It was a very difficult time. I was known as the Butcher of Peachtree Street then. No longer am I known as that, but that was how it was. My brother came to pick me up one day and somebody took a poke at him -- he thought it was me! That was extremely difficult. But again, when you have to make those decisions, which you do several times in your career, as barnacles get on the ship -- you really are saving 50 jobs rather than firing 800 people. And if you get that into your mind, you can move forward from that standpoint.

Aspray: Before we go into the MSA story, let me ask a few more questions about the early days. You were known later in your career for your marketing prowess. Did you have experience earlier on? Public speaking? Were you in clubs in college or in high school to do that kind of thing? Did you know you had these skills?

GIVING SPEECHES

Imlay: Actually, I was a terrible public speaker in high school, so I worked on it. And I was nervous when I got up; I was nervous in giving a presentation. I had a mentor named Santini, who was a great public speaker. He told me it was conversation and you just converse with people. And he helped me with the eye contact and lack of nerve... and he said, "Inject your own personality; don't try to be me or anyone else." And I was getting great response. I've always been a good storyteller and I love humor and use that to back up any statement that I make so they'll remember it.

And from 1963 when I was a terrible speaker -- by 1975, after experimenting and being involved in the industry association and giving 120 speeches a year, trying to explain what software was to people throughout the world, I became what was known as a very articulate and entertaining speaker. Did you hear some of the speeches? Which one? Albert Hall? Okay - well, just picture me doing that 120 times a year. I did breakfast, lunch and dinner somewhere in the world just about every day just for both the industry and for MSA.

It was just a knowledge that I had to learn in order to lead. I had to overcome the nervousness and master the fear. And leading is like moving a rope -- you have to get out in front and pull it. So you have to be the best speaker and not ask your people to do any more than you would do yourself. So they always saw me doing something out in front and that's actually the way you lead. When you take on something like ADAPSO or accept an honor of any type, of which there have been many, you take it on with the same gusto feeling that you'll be the best in this position that there's ever been. Then you lay out a plan and execute that plan.

INFLUENCES

Aspray: Other than the people you've mentioned so far at Georgia Tech, were there other people who were influential on your career - either inspiring teachers or people who taught you particular lessons or faculty members who helped you?

Imlay: The present head of Computing at Georgia Tech who replaced Bill Atchison, Rich DiMillo, worked with us in the early days of MSA. He now has moved on -- he went to Hewlett Packard and then he came back. He was a great advisor of ours in certain legal matters. In the school area, whether it is the physics teacher in high school, A.P. Jenson at Georgia Tech, a fellow named Noel who taught Math -- all of those you can feel that they were building blocks on what you've achieved.

You have to evaluate yourself and what your weaknesses are and then surround yourself with people who have strength in the areas in which you're weak. And then you have to make certain that whatever your strength is, you are recognized as the best in that particular strength -- whether it be marketing or technology. I think the summary of my technological skills came out -- Forbes named me one of the top 10 technologists in the world, and when Steve Forbes introduced me when they gave the presentation he said "There's something wrong here! I didn't know bullshit was a technology!" That was his answer to it!

He knew - he'd heard me. He knew the company story and so forth and what I'd done was to surround myself with very good technical people and be able to lead those people.

ROYAL McBEE

Aspray: How is it that you chose to go to work for Royal McBee and then later for Honeywell? Why did you choose those?

Imlay: I had narrowed it down to the computer companies. IBM was out, after the little fiasco, and then there was Univac, Royal McBee, which was a systems company at the time but went into the computer business -- the particular person who interviewed me convinced me that I would make a difference. He said, "You wouldn't make a difference at IBM -- you'd be a number." He was very happy after I called him and said I'd been offered the job with IBM but wasn't going to take it. I went with him; his name was Mervin Meritt. He had a lot to do with my early success with his criticisms. In everybody's life, it's the person that influences you, and this time it was this young man. He took me under his wing and taught me all he could and then let me fly away.

Then I went to Univac, and then it was Russell Henderson. He took me along and he later advised me to go to MSA. He said, "You're too good for this particular position, and we're too good friends and this is what I'd like you to do." So there have been many people of leadership who influenced me.

I've also had some very bad bosses - very bad. And you learn a lot about how NOT to do things. I had one boss - we had a critical sales situation with a large bank in a bank board room. He comes in wearing white socks. I told the Chairman of the bank he had an athlete's foot problem. But you get by those -- you learn how to get by those. He'll go unnamed; I haven't seen him in 30 years, but you learn from both the good and the bad. But I tend to go where there are people I can learn from.

Aspray: How was it making sales calls in those early years? Did you enjoy the process?

Imlay: You start off in computer technology -- at Royal McBee I was an implementer. So you learn the systems. Then I was a junior to this fellow, Mervin Meritt, and within six months I had my own territory and went on. And I became very close to my customers. The whole feature that I learned in those early days is that you work for the customer; you don't work for the company. Once you have that in your own mind, you put the customer's best interests first, and they respond to you. Certain customers of mine from 30 years ago are still good friends and still know me and call or send me e-mail when I'm in the paper.

I intensely enjoyed meeting the customers, satisfying them and then getting to know them in many cases. I enjoyed it very much.

MSA – GETTING OUT OF BANKRUPTCY

Aspray: Let's move on to MSA. So you come in and find serious problems -- imbalance between revenue and expenses...

Imlay: Imbalance wasn't the word!

Aspray: You clearly had to do something dramatic. How obvious was it that you had to do what you did?

Imlay: Let me go into the whole history of that particular era. First, I'd sold them 20 computers. They then asked me to become their Director of Marketing, and I reluctantly left Honeywell -- almost reluctantly because I wasn't sure of what I was getting into. When I got in there, they were spending and hiring in dramatic fashion. I was a negative voice and I was fired within 3 months. I wasn't being antagonistic; I just said they had to build the company. So I was a negative influence and they fired me.

I went to work with friends in the business for about a period of a year. Then the Bank called me - I was in the Boston Airport - and they said, "Get back here; we need you." This fellow who had come into MSA had taken it near to bankruptcy. They were out of money; there was no chance. So I came back and they said they had hired a new CEO and wanted me to be his assistant. Well, he was an astronaut and sold houses in South America. I knew real quickly that that wouldn't work, so I was out again!

Then the third time they came back and I said, "You've just got to give me the job to do and this is what I'm going to do. You have to stand back, because there's only one thing of any value in there and that's the software side. They have good customers and a good product. The rest of them have got to go." I said that to the Bank going in. "Then I'm going to have to take it into bankruptcy and not pay all the creditors, we'll pay a percentage; that's the way it's going to have to be."

So they agreed to that and I had my own way. It really made a lot of noise in the city --firing 800 out of 850 employees, but I was able to seize that moment, because the Bank was receiving so much pressure. You could give the money to this and people could be paid and as I told you -- they didn't falter at all; they understood that. Again, it was people in the Bank who knew me and knew I was doing the right thing.

What I was trying to do was to save one part of the company. When they got pressured, the Bank came to me and said, "Will you buy this from us?" So I bought it for pennies on the dollar and took it through bankruptcy.

Aspray: Where did you find the money?

Imlay: Actually they loaned it to me. They just had to get rid of the company. They had to get their name off of it. It's kind of a reverse thing. And I took it through the bankruptcy, sold the furniture, sold everything that wasn't tied down and just had a little band of people that we used to execute the plan. We paid them back. I bought it for around \$20,000 or something like that and paid them back. The company turned around in a period of a year and then we began to grow very rapidly.

Aspray: So when you took over, what were the intellectual resources of the company -- both products and people?

Imlay: The company had developed three application software packages: fixed assets, which keeps track of your assets; a payroll system; and a general ledger. It had approximately sixty customers which were all blue chip banks, department stores, airlines, all very good customers. The 50 people who agreed to stay became bonded to me. I mean, we really worked hard together as a team. There was one fellow, an original founder of MSA, who stayed. He became Chief Operating Officer as the company grew, and there was another fellow who I brought in on the finance side. Without borrowing, it was very difficult to make the payroll sometimes. I had to sell furniture and all kinds of shenanigans.

We were able to bring it out of bankruptcy pretty quickly. We had a very good trustee in bankruptcy -- and again, it comes back to people. His name is Robert E. Hicks, and he believed in us. He took me in to see the federal judge and he said, "I believe in these young men; we want to try to make this one work."

The judge said to me, "Explain software to me." This was Newell Edenfield, who had done the racial integration for the city, and when he spoke, he spoke in capital letters. I mean, he was THE judge in the city. I said, "Sir, what we have is...if you take a piano and a piano roll, well, that's what we make -- we make the piano play." He says, "You mean you sell the fizz off of Alka Seltzer?" I said, "Judge, we do."

At the first trial, it was all the creditors who came in. And a fellow from Chicago walked up to the front and the judge looks at him and says, "Did you pay your own way down here?" And he said, "Yes, sir, I did and they owe me \$80,000 and I have a lease for another five years."

The judge says "These boys are broke. You get nothing." With that, everybody in the room just got up and left. Again, I'd sold the judge. So the trustee and I came up with a plan that paid everybody 10 cents on the dollar and the shareholders got nothing. We then had a basis from which to work with no carry over debt. Amazingly enough, while in bankruptcy, we used bankruptcy as a benefit for why a bank should buy from us.

In this situation, there was no way you would think a bank would buy a financial system from a bankrupt company -- particularly one that damaged the First National Bank of Atlanta. But what we found out we used this in our sales plan -- it was pretty unique -- we said, "All of the other firms that compete against us should be in bankruptcy, but they're not. If you check their books, they are losing money hand over fist and eventually they'll go out of business. We have cleaned up our company and that's what bankruptcy does. Your contract is signed by a federal judge." And so forth.

Anyway, we had this pitch that we used and it was amazing! So much so that The Wall Street Journal did a front page on us: *Rarity Happens: 1 time out of 100 - MSA Comes Out of Bankruptcy*. It had a lot of personal stories in it, and then the phone started ringing. People wanted to get in before we got out, so the judge could sign their contracts. Nine clients signed up immediately because they wanted to have the judge's name on the line rather than mine, which I thought was

pretty unique!

It's all a matter of trying to take a negative and turning it around. We kind of overdid it, because they didn't want to sign with us unless we were in bankruptcy!

Aspray: It's the asset you had.

“THANKS TO BANKS”

Imlay: That's exactly right; that's all you could sell. You were interested in my marketing. One of the more interesting things -- we were sitting in a meeting and we're going to the American Banking Association -- this is where we either make it or break it. It was 1971 and it was in San Francisco. So what do we do to make a noise? I've got to go to the judge and I can probably only get us \$20,000. Well, IBM is spending a million dollars and Burroughs is spending 2 million dollars.

The amazing thing is - people hate banks. And if our bank hadn't been cooperative, we wouldn't be here. I think we ought to thank banks – nobody ever does. So we had these thousands of buttons-saying, ‘Thanks to Banks.’ At the time, waterbeds had just come in. We had this big, round waterbed, labeled ‘Thanks to Banks’ and a facility on which to take pictures.

The theme of the conference was community banking -- this is every bank in the United States. The governor of Texas was then Secretary of the Treasury, the one that was shot, John Connolly. He came down -- they all came over to our booth. We had beautiful, attractive ladies bouncing around on this waterbed. He jumped on the waterbed and his picture went across the U.S. ‘Thanks to Banks’ company does this. Every marquee in town changed to, Thanks to Banks. Then it got on the AP and the UP - the model lying on the bed; the ‘thank you’ bank and so forth. And then we became known as the ‘Thanks to Banks’ people. Every banker would see us in the whole country! It was very unique. Twenty grand for a waterbed and a model! And we went on to become very successful from there.

Aspray: So you had to convince the bankruptcy judge to give you that money?

Imlay: That \$20,000. And we took him the buttons and we took him the plan and everything. But he was on our team by that time. He was a great man. He's no longer with us, but he was one tough guy.

Aspray: Was your youth and your colleagues’ youth a problem with the banking establishment?

Imlay: Actually it wasn't. The computer industry was a mystery. They deemed it a young person's business. And if you showed enough maturity and explained to him what software

was - a piano roll. And in the booth it would have a piano and a piano roll. "This is what we do - make the piano roll for the piano." And the speeches I made were called "information technology" speeches --around the world. And they changed 30% every month, and I had slides and would entertain with a lot of humor. But it all was to explain that software was the way to go, and that the computer is dumb as a post; this is the answer and software packages are the wave of the future and you can't compete without them and it's 10% of what it costs to do it yourself.

Aspray: That was versus in-house programming?

Imlay: That's correct. And our biggest competitor was not our competitors. It was "not invented here." Data processing managers or CIOs or whatever you want to call them -- sometimes they'd fight against us in those early days.

Aspray: So who would you sell to if it wasn't the CIO?

Imlay: First we'd go in and convince the CIO that he needs to do this, and take a lot of time with that. But the CFO and I spoke at probably a thousand of these financial institutes where they go and get their ratings; I got on that with the gift of gab. But they didn't allow any salesmen. I did a presentation on the software industry and what it was about, never mentioning the company. They then accepted that there was a 10 to 1 savings versus the other, and they'd go down and tell their people to do it.

So we went to that level on a mass basis, and usually it was me up front doing the song and dance.

Aspray: So tell me about the growth of the company.

Imlay: At the time that we were in bankruptcy, we did about \$2 million in revenue and spent \$12 million. 800 people were gone. When the 'Thanks to Banks' pitch hit, we went from \$ 2 to \$4.5 to \$12 to \$25 to \$50 million. So what we had when we came out of this was a startup -- all the elements of a startup, although we were fresh out. This little niche came out of this mess of different little companies, and that was our startup phase.

The preaching that we had done had convinced Wall Street that this was a business. I was participating in ADAPSO at that particular time --- I did their PR and established a quarterly visit with the press and so forth. In 1980, Business Week finally did a cover story on "Inside the Computer." This was a very famous article for us. Then others followed dramatically after that.

John Cullinane of Cullinet here in Boston was the first to go public, and then we were the second. From that -- speaking at all the investment conferences and Alex Brown and so forth -- it was like a rock concert. Alex Brown probably has taken 1,000 companies public after us in those years.

GROWTH OF MSA

Aspray: Before we move onto that, let me ask more about growth. Your customer base went from 60 to what size over that period?

Imlay: In the first two years it went from 60 to 300. Still mainly financial aspects -- actually it was all types since the fixed asset went into any type of company. We had specialists that sold that, and then the payroll also went to any company. But the general ledger was basically for banks and we changed that into one for manufacturing and other industries. The plan was to continue to add products and connect these products so they interacted and worked together. Once you had one of our products, it would be best to buy the other similar things - what Microsoft's being sued for now, we were trying to do then!

But in five years, at that time we had 7 products, all interconnected, and we were sued for anti-trust. Here we are, bankrupt five years before, and sued for anti-trust from somebody that came along with a fixed asset package or payroll package they couldn't sell because we had a full integrated suite of products. I felt that was quite an achievement -- I told the Judge that it was the greatest thing. I called our Judge, who was Newell Edenfield and I talked to him. We were bankrupt, and because we were doing the right things and building jobs... this was a real poignant time. But I felt that to be one of the greatest honors we've ever had!

So the growth continued from 1971 through 1977. We were in the \$45 million range. In 1977 Apple came along and we could see that this would be in every home. The fellow I was just talking to, Dan Fylstra, came up with VisiCalc and that began to cut into our business because the CFOs were doing all their spreadsheets, which they used to do on the mainframe. So we decided we'd go public and use the funds from the public offering to get into that particular business -- what we then called microcomputers.

Aspray: So going public was mainly to move out of mainframe?

Imlay: That's correct, to get into the micro computer software, and it was also to fund a new generation of software for the mainframe, which is known as Client Server -- where the terminal connects to the mainframe, not just serial processing. You had to do both -- to keep up and to lead.

Aspray: If you look back at your revenues over the time before going public, how much of the new revenue was from these add-on products to existing customers and how much of it was new customer base?

Imlay: We actually became known by the accounting firms as the company to buy from. So as much as 40% was new business. Accounting firms are another group I spoke to, every one of those and it was good for them -- they could install the package and get a lot of consulting out of it, which they shouldn't have been doing -- now consulting is no longer a part of audit firms partly thanks to ADAPSO's protesting for independence. But anyway, that arena left us growing 40% of

our revenues and the rest was maintenance, which MSA invented. In the old days they used to sell the product and that was it. Then, for payroll you needed to change all the tax work, and so we developed continuing maintenance that you paid every year for all those tax changes. Then in general ledger it was the same thing -- the next version was yours and so forth.

So we built a steady stream so that about 20% of our revenues were from continuing revenue. That began in 1974. We invented maintenance -- that is what it amounted to. That really saved the industry, because everybody then started doing it.

Aspray: Not only is it extra revenue but it's also stable revenue.

Imlay: A very stable base from which to manage the company better.

Aspray: Did you do any customization for individual clients?

Imlay: We let the accounting firms do that usually. We did some, but we didn't want to compete with them, because they're the ones that would recommend our products, so therefore we didn't do a lot of consulting.

When we got into manufacturing, we bought a manufacturing software company and we had to do more consulting. We had to help in the plant. But we never built a huge consulting company - we were a software company and we would get the consulting from specialists in that field.

Aspray: Did you have any problems providing source code -- people wanted to take your code and compete with you?

Imlay: Yes, we did, but again, we responded through ADAPSO. We never could patent anything, so it was all intellectual property. We got the industry association together and got intellectual property protection -- like a movie, and that would suffice as people took our product. I remember we sold one in South America and the guy paid us with a brown bag of money. Dr. Pedro Pookie was his name; I never will forget him. Then all of a sudden, Pookie software came up and all over South America our product is there. This was a payroll system, and we put into it a time within which if you didn't use the maintenance, it would quit. So all his customers started calling us and we got all our revenue and it worked out well!

Aspray: How did you handle technical development? Did you have a strong team inside the company, and how did you find those people?

Imlay: Each product had a different accounting specialist and then we had a team that would take the system as developed and lay pen to paper and do the coding and testing. There were exceptional people, already in the company when I came. There was one who did the technical side of coding and testing and so forth, and there were pretty good accounting people who could apply

the system to a flow chart. We kept adding to these as we went along. We saw good customers; we saw bad customers. And, really, from our customers we got some of the best people. It's just like Steve Ballmer at Microsoft who comes from Procter & Gamble -- you begin to attract people. We were growing so fast that we were able to attract people and a lot of them came from customers and some from competitors who liked us very much.

In 1977, I remember I was at one of the ADAPSO meetings and one of the competitors came up, not knowing who I was and he said he develops MSA-type products. Well, I felt like I'd made it! We were the first to reach 100 million dollars. We went public at \$50 million with a history of profits for 6 years, \$52 million and then jumped from 52 to \$100 million annual revenue and then the stock went up accordingly. With those funds we began to make acquisitions -- some were good, some not so good.

HIRING AND KEEPING PEOPLE

Aspray: What did you look for when you were hiring sales and marketing people?

Imlay: This business was a brand new industry, and so we'd look for people who had great empathy. You're dealing with a big account where you have to get to know the people and they have to respect you. We never succeeded with an IBM salesman - never in the whole history of the company. So they were gregarious people, mostly from accounting backgrounds and accounting firms, that didn't make partner. We really trained them in marketing and we tested them for empathy and ability and drive. Then we had what we called a beer drinking interview, where other salesmen, peers, would interview them. And they had to say yes or I wouldn't hire them. If they thought this guy could do what they're doing and complement them -- even though it might be cutting into a guy's territory -- they knew that we were growing and in order to grow we had to recruit more.

So we had these interviews -- not only the management interview but also the peer interview -- then we gathered together. That took place all over the world. We were very successful in hiring people, because the people who said "yes" to the hiring then helped that person succeed, and they had a piece of that particular action.

Aspray: I understand that you and your other senior managers took a very hands-on approach in the hiring process.

Imlay: We did for the first ten years until it got too big and we couldn't. They always had to pass muster with either Bill Graves, the COO, or myself. As you may or may not know -- five years after the bankruptcy we instituted a symbol of a key: people are the key. It was a little key from Tiffany that we all wore. Some of the salesman used to go into a bar and a woman would ask about it and they'd say it was the key to their heart. One guy went through 21 keys! But others took it to heart and people of the key became the theme of the company, and therefore became the hate symbol for our competitors, which was kind of interesting at that time, too.

But I really feel that the factor of being able to attract the right people was key to the success of the company, and by using this type of interview with a peer, with everyone backing a person – that was the reason for our success.

Right after the public offering, when we had cash, we brought in university students and interviewed them and would have about 300 a year coming straight out of college, We'd train them ourselves, exactly how we wanted to. And those were the most successful people. They actually grew from a career development program faster and smarter and more eager, and they became the strength of the company.

Aspray: Did you call on particular universities again and again?

Imlay: Actually, you'd think we would get them from Georgia Tech, but we got them from accounting schools: University of Georgia, South Carolina. There was more accounting background than technological background needed for the outside people and the support people. But for the development people, they came from computer science -- from MIT, Cal Tech and so forth.

Aspray: Did you give technical training to your sales force?

Imlay: Yes, we did. They had to know enough to be able to have a conversation with the prospective client, because they're going to get questions when they don't have a support person with them. But most of the time, the heavy technical stuff would be referred to a technical sales person who would travel with him. They went as a team in many instances, and then the technical person would give a detailed seminar in the company for all the people in accounting while the salesman conducted the meeting. So there was a combination.

And interestingly enough, out of the company came two companies: one now is called the Complex Sale. It's probably a 25 million dollar business that now trains software companies in our techniques. Then there's one that does the technical sales training -- it's called Infomentis. They've both been very successful. We've had 50 or 60 spin-offs, but those two have done extremely well, using the techniques with which we fumbled forward and found out how to do ourselves.

Aspray: How was your retention?

Imlay: The loyalty was incredible. All of our good people would get two or three opportunities a year at least to go somewhere else and be with someone else. Our retention was over 92% the whole time. The concept is not what you pay, it's the lifestyle you present by being with the company. And that became very strong. What really helped us is when people did leave and then came back. A lot of people say you can't come back in, but I have a whole chapter in the book - you can take them back in. That gave a bigger message than anything else. With the success of the company and stock options, they were doing pretty well.

Aspray: How far down in the company?

Imlay: Actually everyone had stock. The administrative people had very few shares, but they all had a piece.

Aspray: How about the salary compensation?

Imlay: It was equal to the others; in fact, we were the leader - everybody would follow us at that time. They would sometimes get 50 to 100% more elsewhere and wouldn't leave. But we kept above 90% retention every year in a very fast growing business. They left usually for a higher position, but that was few and far between and a lot of them came back.

Aspray: What were the management challenges of such rapid growth?

Imlay: Keeping a big company small is the most difficult thing you can do. We would train our managers to be running their own business. If it's the Washington, DC branch, it's his business. He has a P&L and it's his to run and they all are a part of that. He had bonuses for that success or that business - we'd have a bonus for that group. They would compete against each other - Washington would compete against New York and so forth, in a very friendly but serious fashion. London would compete against Sydney, let's say - but in that fashion we were able to keep it very personal.

Each year we were famous for our opening party of the New Year. Then some time in January I would fly to every major office and it was really a party -- in Atlanta we'd have 4,000 people there. That's where I used the wild animals and so forth - to call this the year of the tiger or the year of the eagle. And that personal touch -- they'd bring their wife and sometimes the kids -- it kept a big company small. We'd do the same thing in Chicago and other locations. They really felt a part of the company. That's probably the most difficult thing to do as you become a company of 4,000 when you were once 50. But we were able to -- although we were centrally located and centrally set up -- we had pods that felt themselves to be little businesses.

Aspray: Did you have trouble with promoting from within as you grew?

Imlay: Actually just about everyone was promoted from within unless we went into a new technology where we didn't have the capability. It was moving so fast and they were so young and so eager, that they were able to move up pretty fast. We developed systems where a salesman when successful would then train a youngster like the university students that we had. Then he would work harder and teach, and then at the same time he'd be more successful and the kid would learn how to do it. So it was very, very strong.

TECHNOLOGY MANAGEMENT

Our biggest problem was the changing technology and being able to keep products ahead of the

game. If you missed one, you begin to fail. You might have seen Dan Fylstra out there, who had VisiCalc. It dominated -- \$90 million to 0 the next year because of Lotus 1-2-3. You had to prevent that. Cullinet was the first to go public -- IBM came out with a database and they froze their sales. IBM threatened to come out with a general ledger, which would have killed us, and I spent lots of time on behalf of the industry lobbying against this within the upper ranks of IBM.

So that was the big fear -- that you'd be obsolete very quickly either by new equipment, which you'd have to reprogram for, or by new methods such as the PC and the mini computer and all of these came along during that era.

Aspray: Is there a strategy for managing that?

Imlay: Well, you can't. You have to develop a system that can be applied by technologists to whatever new platform comes along. Then you have to determine whether that platform is going to be successful. So it's hit or miss. We developed a great deal for DEC, which was originally Digital Equipment Company's mini computer. It failed and we put a lot of money into it. We thought it would be used for all applications, but it was used for specialized things, not accounting functions -- that still went over to IBM. But that's why you stayed up at night -- trying to determine what the future was and apply your systems to it and design them originally so they could be put on different platforms relatively easily as these new platforms came out.

GOING PUBLIC

Aspray: What were the issues of the public offering? You were a new kind of company.

Imlay: As I said at that time, to overcome the new type of company issue, I would speak somewhere in the U.S. -- usually a breakfast, luncheon and a dinner put on by the sales rep in that area. In Washington DC, I was speaking and I got a call from Al Berkeley (who went on to become president of NASDAQ) saying, "Could I bring some people from Alex Brown to understand this business?" I said, "Sure, bring all you want." They then followed me around and they had more people coming in to understand the business. Then they hit on us, wanting to take us public and saying what we could do with the business.

I spoke at all the Alex Brown conferences. I was usually the keynote speaker. They recently called me, wanting me to come to an event this summer, to reminisce about the old days and give a talk on golf. But at that time, 1977 or 1978, software was just beginning to be understood, but not yet by investors. So you had to go back to the basics and give the history of the business, what it meant in savings to the client, and the client reaction to what he was able to do with the product. I had film and slides and lots of humor, convincing investors to come along. I probably did as many as 30 tours before we went public with Alex Brown. I was just talking about this industry that they were getting into. Cullinet went public earlier than we did.

There were two types of software companies: applications and system software. Systems software

made the machine more efficient, and applications provided real results. The thing that really changed and gave us the ability to come out of bankruptcy was that IBM, on June 23, 1969, unbundled and started selling software for the first time. That was the signal that they understood that this was the value of the future, and I used that very heavily -- that date and so forth. So it was an education process and there were a lot of us from ADAPSO that would go out and talk about it.

Aspray: How did you determine how much money you needed?

Imlay: Because we had been in bankruptcy, I'd create each year an annual report with history and other information, so when we went public, we didn't have to do anything different. We looked like a public company to start with. I don't think all of them did that, but when we came to that point, we looked at how much of the company we wanted to give up and how much cash we needed for acquisitions. We needed to get into manufacturing and some other large niches. We were strong in banking, but we needed to buy some companies and get into the personal computer business which was then known as the microcomputer business.

So we determined that we needed about \$24 million up to \$50 million. We had special things we wanted to do with that, and we explained that to the investor -- this is what we want to do to stay ahead, and this is how we want to add to the growth, and the growth had been fabulous from bankruptcy to that point. It continued so until we made some bad acquisitions and had a hiccup.

Aspray: The public offering was as successful as you hoped?

Imlay: Wildly successful, yes. A little too successful. I think we had priced it at \$15 per share and at the end of the first day it was \$25. That was almost like the wild days of the 1990's, but not quite. It was based on earnings per share; we were growing very fast and the market was wide open in this business. Then a lot of them followed us. John Cullinane was on the system side of software and I was on the application side.

Aspray: One of the reasons you wanted money was for doing the client/server versions of your mainframes?

Imlay: No, that was later. Client/Server came later. We're talking 1981 now and Client/Server wasn't there yet. Apple came out about 1977; it wasn't really applied except with Fylstra and the spreadsheet for business in 1979. Then it really came along about 1984 to 1986, but we really wanted to get into new niches where the large IBM computers were used.

Then when we were really having to change, that's when we considered merging with McCormack & Dodge, our major competitor. That was later, in 1989. We considered merging because we both had to go through the change of the Client/Server and modernize. Why not do it once for both products.

COMPETITION

Aspray: Who were your competitors? How did you react to them?

Imlay: The competitors from 1970 to 1977 were niche competitors – one-product companies. McCormack & Dodge had a fixed asset package, so we would compete against them. University Computing had a banking package. But we didn't have any competitor that had the whole array. However, it evolved that some of them began to merge and then some of them began to build other products to match ours.

So by 1984 or 1985, McCormack & Dodge had a full line of products and they were our major competitor. UCC had gone by the wayside; others had gone too. The individual products companies hadn't done very well, and there were a couple of payroll companies that were okay. But no company had yet come along who could be considered our biggest competitor, although we did have strong competitors.

In competing, I had certain philosophies of serving the customer better. Again, we used marketing pizzazz of all types to do this. Let me give you one example. We used management conferences and had President Ford in the mid-1970s keynote a conference for us. We'd have Fran Tarkington, a close friend of mine who was big in football then, and we'd have two days to get the top financial people in and the presidents of companies. I'd speak and probably was the master of ceremonies at most of these

For the technical folks, we would take them to basketball games and things like that. One of the funniest things that happened -- I was sitting at my desk and President Ford called me. He said, "John I need you to give \$5,000 for my library." I happened to be looking at the sales list. I said, "I'll tell you what I'll do. I'll be glad to send you \$5,000, but I'm going to give you a challenge. Michigan has \$4,500,000 in proposals on the prospect list and they're pretty close. I would rather give you 1%, \$45,000, if these are sold, than I would \$5,000." He said, "Send me the list." He called every one of them and we closed every sale. We devastated the whole industry - they went crazy! The President of the U.S. was out selling MSA software, which was hilarious because he knew all the CEO's -- he called them all! He got one of them down in Bermuda on vacation and chatted him up... things like that where we were really – like the 'Thanks to Banks' – very unique. That particular one was kind of infamous in the business.

Aspray: One thing I'm hearing you saying is that you did a better job with marketing than your competition.

Imlay: Correct.

Aspray: What about on either pricing or in terms of technical quality or features?

Imlay: All of us had features that were unique, and we would emphasize those and tried to use those to our best advantage. But the bottom line is: if you bought either system it would work.

We would try to show that ours fit better than theirs: have more flexibility in adding things to it to satisfy their particular way of accounting. But really the difference was the confidence and service and understanding of their business, and the fact that we were there. Our user groups would have as many as 12,000 people in Disneyworld, and they all felt a part of the family and we'd have prospects there as well.

I think a lot of good systems came along, but none were really better than the others. They might have a different feature that might fit better; they might be better in manufacturing than we were. But it came down to marketing, and we were very successful at doing that.

Aspray: Much difference in pricing?

Imlay: Pricing - actually when the competition was keen, the competitors would cut prices. We tried not to. Once you do, you're then getting lower than them and some of our salesman... they were instructed not to, but some of them did have some leeway in doing that. But price wasn't an issue on a large system. Getting it right and having confidence in the company and making sure your books are closed on time and correctly meant more to them than \$10,000 less or whatever it was. It really came out to that; both of us were priced similarly and we never spoke about it. There wasn't a lot of price differential, unless they were losing the deal and sometimes the competition would come down. We had a strategy there to say -- go ahead and buy from them; you get what you pay for. We very rarely lost on price.

McCORMACK & DODGE

Aspray: Was there any competition other than McCormack & Dodge in the full suite of applications?

Imlay: No, not in that era. Since that time, SAP in Germany has dominated the whole industry, but they were nothing when we came along. When I retired, they were just coming into America, and since then, when MSA was absorbed and McCormack & Dodge was absorbed into D & B and then sold (and they just became a maintenance company), SAP had a wide open shot and got the accountants behind them. They've done well-- I guess they're in the 7 or 8 billion dollar range now. So they now dominate the business.

Aspray: McCormack & Dodge has come up in the conversation, so let's talk about them. How did you play with competitors? I understand you were the devil in a way.

Imlay: I was. But when we finally were sold to Dun & Bradstreet and were merged with them, it was a shock because there was a lot of hate between the two. And one of the salesmen said, "Who do we hate now?"

But the techniques that you used -- I knew Frank Dodge through the industry and knew his company, and if we had a real problem we would talk back and forth. But in the field, they were our

enemy and we were their enemy. They did such things as have the key buster award when they won one against us. They had a medal with the universal symbol of the key Xed out.. On an individual basis there were all kinds of shenanigans going on, which I tried to stop when I could, but it became an all-out war.

Through ADAPSO and getting to know Frank, we pretty much resolved those issues if we had some bad ones. I had one company that was in the payroll business, not Frank's - he didn't have payroll at that time- but they called me and I went over and fired the salesman at that time. But it was a war and it became an infamous war because each prize was a million dollars at that time.

Aspray: Was there much movement of personnel back and forth between the two companies?

Imlay: None - next to none. Merging the two was probably my biggest challenge. (laughs) The hate was so strong, and then Frank was not given the new top job. Dun & Bradstreet bought McCormack & Dodge about 1983 or so. But Frank never realized he was part of a big company. He ran it as if it was his own business and while he was very successful, they still let him go.

THE ACQUISITION BY DUN & BRADSTREET

The head of Dun & Bradstreet came to me, whom I'd known through ADAPSO and still is a good friend, Bob Weissman. He said, "We both have to develop new product lines for the new Client/Server relationship; why don't we do it together?" I said, "I don't know whether they could be merged because everybody hates everybody and so forth."

He said, "Well, we're not happy with the management; we'd like you to manage the whole thing and it would be a challenge for you and for us." Anyway, we made a deal and it made a lot of sense. Our stock was around \$7; he gave me \$18.50 cash and the shareholders were sending me champagne. But then we had to go in and try to get the two together. And interestingly enough, there was a lot of hate. We did everything as swiftly as we could, and in calling meetings, I went to their headquarters here in Massachusetts and spoke. There was extreme tension. I broke it up by telling self-deprecating jokes and lauded Frank and everything else. But deep down inside, there was too much hate for a lot of them to stay.

Frank got his management team together; they held a meeting up in the mountains where they chopped us up. Then they called every director at Dun & Bradstreet saying this was a wrong decision. But all of that finally leaked back and I was able to begin to convince several of their managers what a good thing this would be for the future and how this was going to go. Several came over to me, and then several quit when it was obvious I wasn't going away. Frank finally left the company.

We both had quality teams based on the quality process, and our teams talked to their teams and

those two got together. I mean, it was on a higher plane. Then they went down and told everybody: this is what our plan is, and it's a great plan and this is our future.

I then held a sales meeting where all the people that hated each other came together in one room. I had a Porsche on the stage - a race car with a race driver racing the engine. This was going to be all powerful; we can rule the world and so forth. They liked our women; our guys liked their women -- it was hilarious! Then I made the decision on every manager within a period of two weeks. We never slept; we just did that and this was the way it's going to be - get in or get out. And it worked.

The company at that time did about \$600 million in revenue, which was the largest by far for that type of business. So it was very difficult for about 3 months, and then they came together pretty well.

Aspray: Did you cut staff?

Imlay: Oh, absolutely. We cut administration, had it in one place; a lot of it stayed here in Boston and so we had to cut the people in our own home office in Atlanta. We balanced it; that's what you do in an acquisition. And we picked a leader in each location, in each city and then that leader got together and kept his team or didn't keep his team. Some of them left; some of them didn't.

But overall, even after Frank had left and after the Old Guard had been defeated so to speak, it was still very tense. Then they'd listen to me; I wasn't an evil person. I took the mask with me and said, "Here I am." I like this because I weigh 20 lbs. more than this mask, so thank you for doing this -- things like that. It all came together. We really had a stronger company for it. But the 6 months of so of combining the two was probably the hardest time I've had except for bankruptcy. I mean, it was really hard.

Aspray: How long did you stay?

Imlay: I told them I'd stay for two years. It took three to really get it going and find a successor down the line. Then D&B changed dramatically itself and sold off all the ancillary businesses except the information businesses. They sold it to a Canadian company about two years after I left. It's nothing more than maintenance now. SAP has come in and taken over, which is kind of interesting.

Aspray: Do you feel bad about that?

Imlay: No, not at all. The real legacy of the company is: 53 CEOs of companies over 25 million have come out of it, and that makes me extremely proud. Then all of the 16,000 people that have been through it in 20 years with me are all over the place. If they're not CEOs, they're some big muckety-muck in the industry or in education or something. That's really the pride. We started it all and they all know that.

PEACHTREE SOFTWARE

Aspray: Let's talk about Peachtree. Tell me how you got into this.

Imlay: This comes right after the public offering. We had to get into the personal computer business, which was known as the microcomputer then. So we naturally looked at accounting systems-- looked at the companies that had accounting. We tried to buy Dan Fylstra's company but he wanted hundreds of millions of dollars for his company at that time. Then by the next year it was gone.

So we looked at companies that came along -- both operating systems and others, and as I may or may not have told you, one of my great decisions was when Alex Brown brought us Microsoft for \$17 million dollars, and we turned it down. So that shows you how brilliant I am. Anyway, Peachtree Software was in Atlanta. It had a line of accounting programs that fit ours; it scared me with its feature list because here's this microcomputer and we were on mainframes and mainframes were going away - we had to have some insurance. So we bought it.

Ben Dyer, who founded the business, is still a close friend of mine. Bill Goodhew was assigned to it from our side and he was one of our top managers. For the first 3 years we did extremely well with it, but we tried to make it like a mainframe company. So, in the third year, on a goal of \$50 million, we did about \$25 million and it failed and knocked our stock from about \$30 down to \$7 or \$8. It didn't take much -- we had another problem with an Irish company we bought.

So where I was on the front page of Business Week with a peach in my hand, the leader of the world, I now had a peach smashed in my face! We just admitted the problem, solved it by selling it. Bill Goodhew went with it. It has since been managed as a company, and it's still in existence and still doing well. But it never competed with our larger systems - it was really the business for companies that maybe did \$10 million or less annual revenue.

Aspray: What was it that was so different about managing a microcomputer software firm?

Imlay: Well, we were used to going in and spending time in developing the relationship with a large company -- getting to know people throughout a large staff. This was a shrink-wrapped business. It's got to be mailed, and the management that I put in it didn't understand that and we tried to make it something else... When we bought it, they were selling the Peachtree product line for \$500. Bill Goodhew figured it all out and sold it for \$199 and shrink-wrapped it and did it. By the time we did that, the revenue had fallen off and we hurt dramatically.

We were trying to make a mainframe company out of a PC company and we failed. I mean, the motivation was there, everything was there, but we just couldn't fathom going from \$500 to \$199 for the same product.

Aspray: Did you have any other forays into microcomputer software?

Imlay: That was the major one and that was enough! But that's part of it -- you make a decision and you screw it up, you admit it and you move on.

Aspray: How much did it hurt you financially in the long run?

Imlay: Dramatically. It was our first miss after being the darling and that hurt us very, very much. I can remember being in California and I got a phone call - we had missed the quarter because of Peachtree and the stock had gone from \$21 to \$10.

INTERNATIONAL BUSINESS

Aspray: Can you talk about doing business outside the U.S. versus doing business in the U.S.?

Imlay: In our business it's very difficult because of the accounting systems. Everything from the date, you say for September it's 9/11 -- for them it's 11/9, just to give you an example of the simplicity of the differences. So it took putting a development team into Europe to take our products and make them set for Europe. One difficulty was the language barriers, but also the way in which they did their accounting. Here we have GAAP accounting that you keep up with; over there they have different standards. So you almost have to produce, with the skeleton of the system, a whole new product for each location that you went into. I didn't bargain on that when I went over there. Payroll doesn't work really, because there's no county sales tax there and this, that and the other. And revenue recognition is much different, and you have to write your own payroll -- so we actually bought a European payroll to compete over there.

In the payroll business or an applications business, it's extremely difficult to go into each location. With the Euro now, it should be much simpler, but in those days you had Lire and other currencies. It was a mess so it was very difficult to go in. But we went into Europe, started in Belgium, then into England and other English-speaking areas and then throughout Europe and throughout Asia.

We would put little development teams in each country that set up a whole procedure on changing the product into that particular country's customs, which are different in each location. For a Cullinet or other companies that do internal databases, location doesn't make any difference. So it's much easier for them to go over there,

But we were very successful. We used an agent in Japan and he did the customization. We used our own teams in every other country in the world. South America was extremely difficult to get your money, protect the product, etc. But England, Scandinavia, Germany, Italy were very strong once we got the product set for them. We were first in and therefore were able to take off. Since then Germany has SAP and has come on very strongly.

Aspray: In addition to the differences that the products themselves had to have, what about cultural differences of doing business or the legal or business environments in which you had to work? Were those particularly challenging?

Imlay: They weren't as challenging as producing a product that satisfied the customer and satisfied the location or the particular country that you were in. They were challenging in that you get an aggressive salesman from the United States and he's the ugly American by being so aggressive in that location. So it's best to hire local people, train them in the proper way because they understand the customs and the way things are bought and sold over there, which is different and a lot less aggressive than here. Therefore it took a few hitches, but eventually we got the right people and the right international management and had a very successful run over there. We were the first there, and that helped too. We overcame a lot of problems and became very, very strong.

The PR over there, again, you saw the Albert Hall speech. I was doing that somewhere in some part of the world every time, as were our leading managers at those particular locations which spoke the language. I used to use interpreters but it was pretty hard to interpret that speech, and sometimes they wouldn't tell the jokes -- they'd just say Mr. Imlay told a very funny joke and everybody would laugh!

It was different, but we overcame some of the differences with the exception of rebuilding the products and the difficulty to install - it wasn't the same thing for the application. The press is very different over there. The press here is very factual. When I had the opportunity to head the PR group for ADAPSO, I was making quarterly rounds with the press. The press over there is looking for something negative. I mean, let me give you an example. The speech you saw-- the joke with the sword -- the Prince of Wales was sitting in the front row. So the Sun newspaper interviewed me afterwards and it was live on television. The interviewer said, "How did you get that sword in here with the Prince?" It had nothing to do with the speech; the Times had done a great piece on it. I said, "I got permission." So I pick up the paper the next morning on the review of the speech, and it has "American Businessman Threatens Prince," showing me with the sword in my hand! And of course McCormack & Dodge then bronzed that and sent it to every customer; you don't want to do business with this crazy guy who's threatening the monarch!

But the press was different - you had to be careful. I'd tell a joke somewhere and they'd publish the joke and say it was a crude joke or whatever - which sometimes they were, but... they were different. Where the American press was really looking for the facts, how fast you were going to grow, very succinct questions, but over there they were looking for sensational, which was new to me and I learned that pretty quickly.

PIRACY OF PROGRAMS

Aspray: About piracy at Peachtree, did this become a serious problem? Did you expect it? How did you deal with it?

Imlay: It was a very serious problem. That's why the microcomputer people came into ADAPSO to try to deal with it and actually another association [SPA] was set up specifically to prevent piracy. Very easy to steal; very easy to copy. We lost probably 1/3 of our sales to piracy I would estimate. I can give you a good example. I spoke in Japan and I was to give an award to a young student -- \$20,000 for him to go to university. His name was Nobu. I went to Hong Kong two years later and I looked at Peachtree on that street where it's all pirated, and there was Nobu software! That was our stuff! So the answer is yes; it was a very, very difficult problem. The industry addressed it; Microsoft addressed it very well. They led an association which has done most of the work, and they've cracked down on it and it's understood. It's like an FBI warning on your videotape - it's very strong. I would imagine it still goes on, particularly multiple uses within a large corporation. That's a real problem, so you have to have inspectors going out and see how they're using the software.

Aspray: So you did this through the industry group rather than as an individual?

Imlay: That's correct -- through ADAPSO, and then that was a major part of the Software Industry Association. Then a group spun off that wasn't satisfied that ADAPSO was doing enough. We were part of all that from the Peachtree side.

We did have some dates that would stop the thing from running unless you got updates. When it was shrink-wrapped and sent, you couldn't do that anymore because they'd stop and you can't afford the service to tell them how to get the date unhooked. That's why we did the big stuff -- they were easy to protect. But the little stuff -- I would say 30% of the stuff was stolen.

IBM RELATIONS

Aspray: I'd like to talk about IBM - the relationship of your industry to IBM, about the role you played in dealing with IBM, both for your company and also for ADAPSO.

Imlay: The major issues in ADAPSO when I came in were banking going into the service business, and IBM going into the software business. We sold systems on almost every IBM machine, so I made it a point to understand IBM and to understand when they were stepping over the line. They were normally recommending us, because we filled their machines and they could go sell another one. So we were good to them; they had no competition with us.

John Cullinane had a database and it was selling exceptionally well, and then IBM came out with the fact they were going to build a database and they killed it-- it never came out for years and still the announcement killed Cullinet. IBM then decided they were going to do accounting systems, and so through both the industry association and personally, I went to work on that. Over the years, I had dealt directly with industry specialists from IBM and the local IBM guy. Then I went on to befriend the Chairman. I've spoken on 7 different occasions to their top management team on what IBM is doing wrong -- a whole speech in "IBM-speak" -- you know, they talk another language. And how

they trashed us as an industry, calling us independent software vendors. We're not independent; we're software vendors, and there was a whole speech on that.

So I became very well known in the top management ranks of IBM. John Akers has spent time with me in Scotland; Lou Gerstner has come for the last 6 years. We've become very good friends, and that's the same way I am with customers. I get to know them and somehow they attach themselves to me and we get along well.

I was able, through the industry association, through the negotiations with the representatives of IBM here and then representing the industry association and dealing with the top levels of IBM, to get this project stopped that was to put the accounting systems in. I did it from the standpoint that they were failing; they'd already put millions in it and they had Arthur Andersen developing it and it just failed. It never was made public like Cullinet's was, so his company was wiped out. Mine probably would have been wiped out if people thought IBM was going to do it. They were that strong at that time.

As a result, I was called upon on any issue with IBM -- how do we handle this, John, type of thing -- from the Chairman on down. The speech you looked at on tape -- Akers called me immediately, "I've been misled; you've offended IBM." He sent six people down. I said, "Well, it was on BBC; you can get the tape or I've got a tape here." So they came down and watched it and they said it was okay because IBM won in the end. But it really offended the IBM people in England. "You've got to have a sense of humor," I told them. He then called me back and said it was alright.

The relationship became very strong, so that, after MSA was attacked by Charles Wang [Computer Associates], I went to John Akers personally and said, "I want you to send your people down; we need to get together. You're making investments in companies and mine is the ideal complement to you." This was before SAP or anything else. He sent a team down and they bought 10% of the company. My stock went from \$4 a share to \$10 a share just on that announcement. That's how close I came. I developed it through the industry, through needs, through unfair practices, and really talked a great deal about it. I had always competed against IBM from the stock episode to then.

To give you an example, selling for Honeywell, a consent decree was put against IBM in the late 1950s. They were not to say anything negative about their competitors; they were not to do certain things and so forth. So in my way of befriending the people I deal with, I asked the data processing manager of a small pants manufacturer to tape them for me. They really trashed me and the products and the company and everything else, and I sent that tape to Tom Watson. Next thing I know, I'm in Tom Watson's office. It's kind of like the Bush incident right now with the Iranians. I got a personal apology from him and they fired all the people in Atlanta. I've been doing this for a long time with IBM and was relatively infamous with the IBM troops.

Now some of my closest friends -- there will be five of that era coming to Scotland this year with me. I was able, as I said, to address the IBM management group on many occasions. Gerstner and I have become very close friends since he came in, because he asked my advice on certain things that

were going on in the industry at that time.

COMPUTER ASSOCIATES ATTEMPTED TAKEOVER

Aspray: You mentioned in passing the Computer Associates attempted takeover.

Imlay: That was very difficult. Computer Associates was built on the fact that it was kind of a 'bottom fisher'. They would buy a company -- and believe me, Charles Wang was right up front, "We're just going to keep the products; I've got the sales force and we're going to keep a few people to maintain it and put it in our bag and that's it, the rest of the people are fired. And we're going to keep the maintenance people so we get the maintenance revenue." And he did that with probably 100 companies.

So one day I get a phone call, "We'd like to merge." We were a lot bigger than what he had acquired before, but we had taken a hit on Peachtree and the stock was down. I was very vulnerable at that time. So I said absolutely not, and the war began.

We were the only ones not to be bought by him. He offered a price that was maybe a 40% premium over what we were valued at at that particular time. But I put together a plan -- this is working 24 hours a day -- with a good law firm, Gibson, Dunn and Krutcher out of Washington, and John Olson, a lawyer. I got good people around me, and explained to our shareholders that we had a proxy statement coming out for our shareholders' meeting and I said, "I will announce that this had been done and we would resend another proxy -- tear this one up, and we'll let you vote." Then I got on the phone with every large customer and large shareholder and said, "This is not a good deal; this is worth a lot more than that and it will destroy the company and destroy the value and destroy the customers and you'll get a lower value than you will if you leave it independent."

Charles then jumped the offer from \$9 or \$10 a share to \$13. I put that back in and sent it out and with calling everybody, which was 24 hours a day -- Graves, myself, Betty Feeser who was our stock person -- we received from this proxy 88% for us. He was stuck. So he then just backed off. And we're friends. I mean, he used to go on the tour with me with ADAPSO and see the press and so on, but he's a very, very difficult person.

The only other company that Charles Wang didn't get was Computer Sciences, and that was a real big one. They all got a copy of my book -- the board was given a copy of my book and they called me! What Computer Sciences did was even more vicious than what I did in order to stay away from him. They found that his background was Chinese and 90% of the Computer Sciences business was with the federal government and so all the U.S. Senators stopped him. It was pretty rough, but it worked. That was another episode.

When you think back, I've been through bankruptcy, startup, public offering, good acquisitions, missed numbers. Then the hostile takeover attempt and then finally the profitable sale. So it's a full range of business experiences, and as I told you, the thing I'm most proud of -- all those that went

with me through that now are doing extremely well in the industry and are really the basis for the strength of the computer industry.

Aspray: On Dun & Bradstreet -- was there any talk about a merger or acquisition prior to that taking place? Did you ever consider a McCormack & Dodge merger for example?

Imlay: Well, McCormack & Dodge had already been merged into Dun & Bradstreet -- they owned it. Frank Dodge mentioned to me that he'd like to get Dun & Bradstreet to buy us and get us together, thinking he would lead it, but it was just a passing thing. I said it'll never work, and I thought that the Department of Justice might have been a problem because we had high percentages of the business, but as others came into it later on, there wasn't a Justice problem at all.

Aspray: But prior to that time when Dun & Bradstreet took over McCormack & Dodge, there had not been any merger discussions?

Imlay: No, there had not been any discussions at that time because they were just coming up and had lesser products than we did. So I think they went into D&B about 1984. They had a very good company, good people in it. They were very aggressive, but there was no talk before then.

MANAGING A BUSINESS WHILE TRAVELING

Aspray: You talked in your book and in today's interview about the fact that you gave 150 talks a year. You must have been on the road all the time!

Imlay: I was. Bill Graves ran the business. He was Mr. Inside and I was Mr. Outside. The speeches would be 3 or 4 a day. The sales people would set them up and we'd go from there. I don't do that anymore, but I still give probably 20 a year now, and not on the computer business anymore.

Aspray: When you were on the road doing this, what happened when the company had problems or it was facing a downturn or the Peachtree episode? How do you reconcile being out of the office so much?

Imlay: Well, again, there were two of us. There was an inside person and we talked as many as six times a day from wherever I was or he was. He traveled a good bit overseas; he did most of the overseas work and then I'd be back in. But I would say it's not a matter of reconciling; it is a matter of continuous communication. When I'm out there I'm talking not only to prospective customers and/or industry-related customers, but I'm having dinner with our own people in that location - going through trends and what's happening, and listening at the same time. So in the day it'll be 3 speeches and a company meeting, in which I do a Town Hall type of Q&A. It was amazing -- in Atlanta the airport would allow me to leave at 6 a.m. and return at midnight from any city in the U.S., which I usually did. So you were gone, but you weren't gone.

FAMILY AND RETIREMENT

Aspray: So how do you balance career with family?

Imlay: You schedule the family as well as you do the business. My son is now 37. We have had breakfast every Saturday morning since he was 2 and we still do. What I did was schedule that -- I was an Indian Guide. You can't go unless the kid goes. I'd fly in from Malaysia to make an Indian Guide meeting. So you actually work very diligently to schedule the family, schedule the activities, just as part of your business schedule. You keep its priority along with the business priority. It's not perfect because I travel so much, but in most locations and continuing, we still have breakfast. We're having breakfast Saturday. So just make the family a part of it.

They're all involved. My wife travels with me to do dinners and so forth with people. But it's a matter of scheduling your life and putting that as the highest priority.

Aspray: Tell me about your life after Dun & Bradstreet - after you left the company.

Imlay: First, they were nice enough to put on a big hurrah for me. First the industry association roasted me for charity, which was very nice except I brought a tiger and a naked lady! Then the company -- I told them a year in advance that I was leaving and that there would be no contract, no board seat, nothing. You've got to turn it over to somebody and that's what I did. Then they put on a big party at the Georgia Dome.

I laid out a plan for my retirement. I sent my Treasurer, who's my associate financially, to an individual office which is only about 3 blocks away. The money we made from the sale, we deployed. I set up goals and objectives for retirement just like I would for a business. One was to form a foundation, which now, since we've done pretty well with the startup businesses -- is now pretty well organized. And all the family, all the kids and grandkids, it's a family foundation and we meet on a quarterly basis to distribute money and we don't distribute anything until the kids have visited that particular charity.

Instead of going to Florida, I bought a home in Scotland in 1990. I now spend 4 months a year over there. I fell in love with it, have become very close to a lot of people in Scotland and I'm a member of the Royal and Ancient Golf Club of St. Andrews. There are all of the traditional, wonderful old places. In Atlanta it's pretty damn hot in the summer; this is the perfect location to be. I was just there last week; I'll be there again on Thursday.

I wanted to create jobs and continue the technology run in Atlanta with Georgia Tech as the basis to try to develop a Silicon Valley. Well, everybody could do that when things were good. And I would do the seed money --we had about 45 businesses. My partner went with me, a man of 30 years, and we have a staff of about six. We look at these business plans and we determine whether to invest in them or not.

We've had some great successes during the good times and some great losses in the bad times. But in essence we've helped the young people by giving seed money to young technological ideas, most of it coming out of the Georgia Tech research centers and making them into businesses and merging them into other things. That's what we've been doing business-wise and enjoying it.

The other activity that I'm very interested in is the continuing participation in business, through Boards. I was on six boards: Metro Media with John Clugey; IMS Health with Bob Weissman, the fellow that brought me to Dun & Bradstreet; several of the young companies are now big: ISS, Easygov, all of those. I'm trying to get off those now because there's so much liability involved. So it keeps me moving, and then the requests to speak are still pretty strong. I've limited that lately to golf. It was the 100th anniversary of Bobby Jones' birth, and I'm an aficionado of his; he came from Atlanta and we just did a movie which is out this week called "Stroke of Genius: Bobby Jones." It's not doing very well, but I didn't think it would and fortunately I don't have any money in it.

So I keep extremely busy. The difference is that there are no personnel problems. That's your biggest problem in running a business. And now there is no quarter-to-quarter profit requirement. I'm still involved in business; still giving advice, still enthusiastic about whatever phase of whatever business I'm involved in, particularly these youngsters that are coming along and how they develop their culture and their future.

I was introduced the other night -- Jack Rogers was introducing me at a business meeting. He said I'd taken retirement to a new art! And he went through it all... so I haven't looked back. I could have bought the company back for half what I got for it, and I just said no. We're going to move on; we're going to do things that are positive and so forth.

Aspray: So were you involved in the Yamacraw project?

Imlay: Yes, I sure was. We invest a lot with them and we probably have 9 co-investments.

Aspray: Jim Foley's an old friend.

Imlay: Is that right? Good. My guy, Sig Mosley, does all the work with him.

Aspray: Are there things we haven't talked about that you'd like to say?

ADAPSO

Imlay: I would say the only thing we haven't talked about is the importance of ADAPSO as an industry association, particularly in a new industry. We might not have survived without the combination of all of the businesses coming together to fight IBM, to fight banks, to fight piracy. No individual, not even Microsoft or IBM, could fight piracy without the whole thing going to

Congress and getting the laws necessary to protect the product so that it can be sold and not copied.

The success of the industry really comes directly from ADAPSO and the other industry associations that band together to declare their rights to run a business. I can't say enough about how that experience has been one of my favorite experiences, and those people that I've met and dealt with, like Rick Crandall and others, are friends for life. Though we might compete on the battlefield, Frank Dodge and I come back very strongly and stand shoulder to shoulder when necessary. And that probably is one of the great reasons for the success of the software industry.

Aspray: I don't know very much about this, but I have the sense of ITAA being a very different kind of organization than ADAPSO.

Imlay: I'm not familiar with it now. See, we were all cowboys. We were new frontier, new business, software, question mark, what is it, is it a business or not a business. Now it's all mature and they're probably doing major lobbying positions on theft and so forth, which is necessary now but it's probably not like it was when Lautenberg and others who founded the business... myself, Weissman ... there's just a history of people that were very strong.

The other thing that we might not have emphasized enough was the PR aspect of ADAPSO. We actually did a series every quarter -- two days in New York, and I'd usually have a different CEO with me each time and ten issues. I got to know all the reporters of that particular era. We did the Wall Street Journal at 9:00 AM. At 11:00 we did another one; at 2:00 we did lunch with Business Week and so forth. We did that for ten years, and they loved us because we were open and frank and always bringing in somebody fresh. There might be some incident on how you're going to protect this, and out of that we'd try to help them with their articles and what the issues were at that time. It would range from the Business Week cover all the way through to what software is today, which is more prominent than the hardware business. So that combination of the industry association really helped us. We were kind of song and dance men. We had a tambourine and ... that probably is another strong point for ADAPSO. We all got together and supported each other. You've met some of them now, so you know. Imagine organizing them and getting their talents in the right place at the right time.

Aspray: You mentioned in passing - Frank Lautenberg. Did you ever consider a political career for yourself?

Imlay: Actually, everyone has asked that question. I prefer to be the man behind the man, and my close friend Sam Nunn -- I would love to have him with Kerry this time, but I don't think it's going to happen. But I'm pushing it, as well as a lot of other people. I have considered it but backed away. At the gubernatorial level a lot of people have pushed me to do it. At that stage, probably ten years ago when it reached a peak, I felt I could do more helping people rather than doing that. And the Governor is a good friend of mine - the present one. So I'd rather be the man behind the man. I'm enjoying life. Running the State doesn't intrigue me. The Senate does not intrigue me anymore. But I do have a lot of friends up there, including Frank Lautenberg. Frank has

done a great job. Liberal as he is, he's done a great job!

Aspray: Thank you!

Imlay: Well, thank you. It was great to be with you; those were very good questions. I hope they're decent answers. I want you to tell Peter Freeman and the group that we're alive and well.