



CEO EXCHANGE PROGRAM #502 TRANSCRIPT

“SAFEGUARDING THE FUTURE: Heroes and Villains of the Computer Age”

FEATURING PAUL OTELLINI AND JOHN THOMPSON

**TAPED ON NOVEMBER 30, 2006 AT THE HAAS SCHOOL OF BUSINESS
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TEASE

If your computer is your friend, better keep out the bad stuff that can make it your enemy. Two CEOs improving life through technology, while keeping security threats at bay. From the Haas School of Business at the University of California – Berkeley, Paul Otellini of Intel, “We create products that change the world. We’ve done it time and time again, for three decades.” And John Thompson of Symantec, “Think of us as the firefighters of the internet. There are bad guys out there, trying to burn you and we’re here to protect you.” The good, the bad and the ugly of cyber space, next on CEO Exchange.

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OPEN

One world, many ideas, inspiring the next generation, shaping trends and forging the future, ideas that change the way we live. CEO Exchange. And now your host, Jeff Greenfield.

JEFF GREENFIELD

Thanks and welcome. You know all those shape of things to come movies and science fiction thrillers you used to watch about the brave new world to the future, where the way we learn and play and connect with each other would utterly change?

Well, it is here. On the computer, on the cell phone, on the TV, on the PDA and MP3, the whole world is a click away, and so, by the way, are the people out to reek havoc on companies, on your bank balance and maybe even on national security. That is what connects the dreams and the nightmares of our guests today here at Berkeley's Haas School of Business.

The goals of Intel and Symantec are pretty much the same, to extend the power and the reach and the ease of computers and other high tech devices, while making sure that no uninvited guests crash the party. Intel has long been famous for being the world's leader in making the microprocessors that actually run all those computers and servers and gizmos, but now it's bundling its chips with other hardware to produce mini control centers for work and play. And Symantec has become the world's largest maker of security software, to protect individuals and businesses and governments from a host of evils.

Now when John Thompson left IBM to run Symantec, after a brilliant 28 year career, he said it was like driving a new sports car after driving a luxury, comfortable sedan. And several years later, I think it's safe to say he secured his spot in the fast lane. We're going to be talking with John Thompson, Chairman and CEO of Symantec Corporation in a few minutes, but before that we're going to meet the first non-engineer ever to lead one of Silicon Valley's most fabled companies.

Paul Otellini, a 1974 MBA graduate of this Haas School, is using his business and marketing skills to route Intel in a whole new direction. He grew up just across the bay in San Francisco, a butcher's son who held summer jobs at a clothing store as a stock boy, at Candlestick Park as a hot dog vendor, and even at a hog slaughterhouse. So please welcome a guest who has traveled from the stockroom to the stockyards, to the stock exchange, welcome the President and CEO of Intel Corporation, Paul Otellini. (applause) That's you, that's me.

Welcome home, I guess is the right way to put it.

PAUL OTELLINI

Thank you.

JEFF GREENFIELD

So it's 1974 and you got your MBA, and you go to work for Intel at a time when, for most of us, the only computers we're familiar with, are on Star Trek. And I wonder, was this decision an act of incredible prescience, of seeing over the horizon? Did you know what was going to happen?

PAUL OTELLINI

No, no one knew it was going to happen, including people running the company at the time. I wanted to stay in the Bay area. I wanted to work in technology and I ended up choosing Intel and it was one of those choose wisely moments.

JEFF GREENFIELD

Was it at all daunting that the folks you were going to work with or for, were technologically whiz kids, and you had an MBA and I don't know how familiar you were with the nuts and bolts, that's a very old-fashioned phrase, of a Silicon chip. Was this something you said, I want to be part of this?

PAUL OTELLINI

Well we call it bits and bytes, not nuts and bolts. (laughter) I found that early in my career, first of all, they wanted to be able to work with you, because you were able to provide them budget, but very soon, you find that people are very open. It's a very collegial environment. It was then, and still is. And so you're allowed to ask the questions, and being a non-engineer, you're allowed to ask the obvious dumb questions once in a while. And that got me curious about it and I've been involved with the product side of the company more than I was on the finance side.

JEFF GREENFIELD

We're going to talk obviously a lot further with Paul, but before we do, here is CEO Exchange correspondent, Kevin Smith, with a look at how a blue collar son of San Francisco, came to lead a Fortune 50 company.

PAUL OTELLINI BACKGROUND PACKAGE

KEVIN SMITH, Correspondent

Paul Otellini has shaken Intel to its very core. "What you can do is you can have the content on this machine there, and wirelessly move it around your house to any large legacy television that you have. You don't need to buy a new TV." This is done with a new microprocessor called Viiv. Part of Otellini's plan to revive the company.

Viiv is designed to be a mini control center, connecting every home entertainment device. "Everything is driven off a remote control. There's no keyboard." Instead of focusing Intel's energies mainly on making faster and faster microprocessors for personal computers, Otellini wants to build processors bundled with other hardware. Don't just think chips, think chips and salsa.

Even though Paul Otellini is not an engineer himself, he has re-engineered Intel into six core divisions, with names like Digital Home, Digital Office and Digital Health. The idea is to focus Intel on keeping the end users of its products in mind. The Digital Health Division could play a key part in the company's well-being. Intel's

developing products that will allow doctors to test patients in their homes. And diagnose them remotely.

Paul Otellini grew up in San Francisco, long before there was a thriving Silicon Valley. His grandparents were from Italy and his father was a butcher. Otellini was an altar boy before attending St. Ignatius College Prep School and the University of San Francisco, both Jesuit institutions. His younger brother, Steven, is Monsignor at this church, south of San Francisco.

Your brother went into the priesthood. There was some talk that maybe you were considering it? “Not from my perspective.” (laughing)

Instead Otellini opted for an MBA at Berkeley’s Haas School of Business. Then went straight to Intel in 1974. Twenty-five years later, as head of Product Planning, he pushed Intel’s hugely successful Centrino technology, which has fueled the wireless computer boom. Otellini had Intel bundle the microprocessor with the Wi-Fi device. He was on the way to becoming CEO.

CLIFF EDWARDS

A lot of people felt that sealed the deal, because it was a runaway hit. I mean even Intel was surprised by how successful Centrino was, and that’s been their whole idea now, is to duplicate that model.

KEVIN SMITH

When Otellini took the helm in 2005, Intel’s dominant business of making microprocessors for PCs was slowing. Chief competitor, Advance Micro Devices, had grown its market share to about 20%. Otellini began to think different. He began selling microprocessors to Apple, Microsoft’s arch rival for the first time. This has caused some friction with Microsoft and major client, Dell, which has now begun to use AMD circuits in some of its PCs.

BOB ENDFRIE

On the one hand, they’re executing very well on product. They’ve got one of the strongest product lines that they’ve ever had in the market. On the negative side, they’ve got a group of large customers that are incredibly upset with them.

KEVIN SMITH

Otellini also raised eyebrows when Intel hired 15,000 employees in 2005 and then announced downsizing by 10,000 a year later.

ANDY GROVE

What has been important for companies to succeed in this business is adaptability. I think Paul's moves have been and continue to be consistent in trying to anticipate the change that's needed and doing them relatively less painfully.

KEVIN SMITH

Otellini has even changed Intel's venerable logo. "We create products that change the world. We've done it time and time again, for three decades and we don't do it incrementally. We do it in big leaps." And that may require a leap of faith among employees and customers alike. As the former altar boy preaches the new gospel at Intel. In Santa Clara, CA, I'm Kevin Smith for CEO Exchange.

JEFF GREENFIELD

You were running the microprocessor division and you were asked to head sales and marketing and the story goes, that you wrote a lengthy letter to your boss that said, "this is a terrible idea." When did you realize that what they had in mind was giving you a kind of test run to see if you were CEO material?

PAUL OTELLINI

Not immediately. It wasn't all that lengthy. But I thought I had a pretty good job and I didn't think my skill set was in sales. And it turned out I did a pretty good job in sales, and in hindsight, it was probably the best career move I ever had.

JEFF GREENFIELD

Do you think that sales experience was one of the reasons why you were so determined to say to the company, it doesn't matter how great the chips are, we've got to make what the customer really wants?

PAUL OTELLINI

It helped from a number of perspectives. First of all, in that timeframe, this was '92 to '96 or so, we were opening up emerging markets, bringing the PC to new places around the world. I learned that people's needs were different at different income levels and so forth. This was, you know, almost 15 years ago. That idea got planted early on, in terms of it's our job to meet the needs of people, not necessarily just to build a great product, and hope that they beat a path to our doorstep.

JEFF GREENFIELD

There's something else about your ascension to CEO that many people have remarked and that is that your predecessors, particularly the legendary Andy Grove, was famous for what shall we say? Some contentiousness, I guess. A bluntness, perhaps, both in praise and criticism. Paint peeling off walls, might be the other way to put it. You're quoted as saying, that your belief is you praise in public and you criticize in private. Is this simply a matter of different approaches to the job, or was this also a conscious sense that you had, that that was great for then, but I've got to run this group differently?

PAUL OTELLINI

Bingo! It's not so much that I have to run it differently, but people are different. In the wild west days of the 70s, and even the early 80s in our business, that kind of behavior, that kind of motivation, that kind of take the hill, laced with profanities, worked. It doesn't work with today's workforce. Doesn't work with the global workforce. It doesn't work with multiple cultures that work for a company like ours. So we had to find a different way.

JEFF GREENFIELD

When you made the deal with Apple, clearly that was a radical shift for Intel. And clearly, Dell and Microsoft were not entirely happy. Did you get any pushback within the company saying, you know, we've got this great thing going and, you know, you may be taking us down a dangerous path?

PAUL OTELLINI

Not from that perspective. The pushback I got was not on day one, when we first were able to secure the design and the initial enthusiasm of converting the Apple product line over. The pushback started to happen after we converted the product line and then we started working with Apple on what's next. And we found that this company operates on a different time scale, than we operated on. They're much faster in terms of innovation and so forth.

The pushback was we're going to change Intel to adapt to the needs of this customer. And that was important because I did that deliberately knowing that ultimately the things we learned there would be important to adapt to the needs of other customers in other markets as well.

JEFF GREENFIELD

I know that you are a blogger, which is not necessarily a typical CEO response. But is it the sort of thing that you find that the more transparency you have with your employees and your executives, the easier it is for them to say, oh I see where he's going?

PAUL OTELLINI

Yeah. We're a company which has a history of – I said collegiality earlier, transparency, management openness. You know, there are no offices at Intel. We all have cubicles, including myself. And that leads to a degree of implied openness. And so I started blogging, and encouraging people to respond to those. And I also used our own technology in terms of webcasts. When I talk to employees now in open forums, a hundred thousand people can attend that on their PCs, anywhere in the world, and they can do it any time they want. And they can send questions and get them answered. You couldn't even conceive of doing that on a live basis, three years ago.

JEFF GREENFIELD

When something happens like a large hiring, 15,000 people followed by layoffs of 10,000, how do you as the CEO say “Look you got to understand what happened. This is a rational, sensible decision”, when people are saying just on the surface, this looks weird.

PAUL OTELLINI

The reality is that the vast majority of the people we hired in that 15,000 two years ago were in manufacturing, and they’re still in manufacturing, because our volume continues to grow and the complexity of our products continues to grow. And we didn’t really cut back in manufacturing. What we cut back in this year was many of the functions that we’d gotten redundant in, inefficient in the company over a 20 year period. The last restructuring of Intel was 20 years ago. And any company, any organization is going to get a bit bloated. And the numbers are, unfortunately similar in size, which leads to the paradox you raised, but they really are different in terms of the kinds of people that we brought in, and that we’re now asking to leave.

JEFF GREENFIELD

Is there anything harder for a CEO than to say to people, “You can’t stay here and it’s not your fault?”

PAUL OTELLINI

I can’t think of anything harder. Particularly, when some of them are very good friends, some of them you’ve worked with for 20 or 30 years, and it’s again, not their – they didn’t perform – it wasn’t a performance issue, it was we don’t need the function, or sorry, we only need one of you, not two of you.

JEFF GREENFIELD

Before we meet our second guest, we want to take a question or two from the audience here at the Haas School of Business. Please come on to the mic.

FROM THE AUDIENCE

My name is Michael [...]. I’m a physician and a surgeon, and really early adopter of new technologies. I’m also proud to be a Haas MBA student and my question is, as doctors we’re actually very concerned over medical/legal issues, and practice at times defensive medicine. Has Intel thought about the medical liabilities of taking care of patients at home, and the possible transfer of sensitive patient information over the wireless internet?

PAUL OTELLINI

When you start moving into the personal side of it, home healthcare, actually we’re being encouraged to do this, by healthcare providers. It turns out that the cheapest place to take care of someone is in their home, versus the hospital. The best way to deal with someone that has a chronic disease, is to make sure they’re taking their medications. These machines can help do it. They can analyze vital signs and so forth. It doesn’t eliminate the physician, it gives the physician data to take action.

In terms of privacy, if we can encrypt banks and the most sensitive information in this country, in the world, in terms of financial information and national security kinds of things, we certainly, I think, can do a pretty good job with your PSA test.

FROM THE AUDIENCE

Thank you.

JEFF GREENFIELD

Thanks for the question. I think we have another question from the audience for Mr. Otellini?

FROM THE AUDIENCE

Good evening, Mr. Otellini. My name is Lorelei [...] with Global Second Language. Clearly, Intel has been a pioneer in online mentoring and diversity programs. What do you see as opportunities to continue their success in this global intercultural environment?

PAUL OTELLINI

Those same skills can easily be applied to the most essential and elemental kind of collaboration, which I think is the classroom. And one of the examples – can I show a little toy I brought along?

JEFF GREENFIELD

Sure.

PAUL OTELLINI

This was not a planned –

JEFF GREENFIELD

This is a first. Product placement on PBS. (laughter)

PAUL OTELLINI

This is a classroom PC Laptop. A little laptop, the cost of this thing is about \$250. We've done a lot of studies with teachers in classes in mature markets and emerging markets and found that the degree of collaboration and the effectiveness of teaching, the thrill of learning, is greatly improved by applying just something as simple as this. Now you argue, \$250 is a lot of money, but in the grand scheme of the textbooks that it replaces, and so forth, it's not.

JEFF GREENFIELD

Thank you. Paul Otellini will be back with us shortly after we meet our second guest. Thank you Paul for being with us, and you'll be back.

It's appropriate that we're not far from the scene of the California Gold Rush, because our next guest is something of a risk taker. John Thompson gave up a comfortable career at IBM to take the helm of a Silicon Valley software firm, and he refocused that firm on becoming the world's leading provider of internet security and protection at just the right time.

He's made 18 acquisitions, one of which, like the image of the snake swallowing the elephant, has taken a while to digest. He's a city kid from Florida, who enjoys fishing in Alaska, wild game hunting, fine wines. He's clearly familiar both with life's risks and rewards. Please welcome the Chairman and CEO of Symantec Corporation, John Thompson. (applause) Welcome.

JOHN THOMPSON

Thank you very much. Nice to be with you.

JEFF GREENFIELD

So it's 27 years and 9 months if I did the math right.

JOHN THOMPSON

And 13 days.

JEFF GREENFIELD

Sorry. Liberal Arts major, never good at numbers. But you're at IBM, very successful. Clearly could have spent a very comfortable time there, and as you leave, to take this job, as CEO, a very different corporate culture. But now I'm thinking it's 2001 and all around Silicon Valley we hear the sound of dot-coms crashing to the left, to the right, up and down, all these market caps, whoosh! Disappear. At that point, was there anybody who said, "You know, big blue really doesn't look that bad from this perspective" or did you say, "Ain't going to happen to us"?

JOHN THOMPSON

Well actually one of the real ironies of Symantec's existence, was that as companies in the Valley did very well during the dot-com bubble, we didn't. Something was out of balance. And ironically enough, in late 1999, the viruses and worms of the world started to go just absolutely haywire. And it provided the fuel source, if you will, for enormous growth for our company, and hence, when other companies were flaming out, Symantec was really really cruising.

JEFF GREENFIELD

All right, now in the spirit of being a journalist, asking the tough questions, does this mean that you're like the bankruptcy auctioneer, that when times are really tough, you do well? I mean are you counter cyclical-

JOHN THOMPSON

No, I think you should think of us as the firefighters of the internet. That there are bad guys out there, trying to burn you and therefore, we're here to protect you.

JEFF GREENFIELD

Before we go further with John Thompson, we want to take a look at his path from Florida to IBM to Silicon Valley and here's CEO Exchange correspondent, Jeff Flock.

JOHN THOMPSON BACKGROUND PACKAGE

"I run a very open office, as you may have noticed...." The man in charge of keeping the internet closed to security threats – "this is our open landscape..." puts a huge premium on being open. Even you swipe your card, by the way. "We're a security company." To a point. "I'm no different than any other employee here." That's not quite true. John Thompson is the man who took Symantec from \$630 million dollars in revenue when he arrived in 1999 to \$5 billion today! "If you're going to make a bet, make a big bet."

JEFF FLOCK

His bet back then that internet security, than seemed to slowing innovation, was going to big. 9-11 and the worms and viruses like NMDA and Code Red, that soon arrived, made Thompson look like a genius. "What this map reflects is, where in fact there have been attacks over the course of the last year or so." More than a dozen acquisitions grew Symantec stock 500% by mid-2004, outperforming Microsoft, eBAY, Cisco, Dell, virtually all of Silicon Valley.

Then you know, you make an acquisition that some people maybe on Wall Street don't think it's such a hot idea. "You noticed that, huh?" He jokes about it now, but when Thompson announced that he was buying storage software giant, Veritas, for \$13 billion in 2004, Symantec lost \$1.5 billion in market cap in a single day. Thompson's bet this time, that security and storage needed to come together partly because of concerns about identity theft and invasions of privacy. Not everyone was convinced.

SARAH FRIAR

You had both people leaving the organization. You had, you know, a lot of questions about what's the strategic fit here? Does storage and security really go together? You had investors concerned about you know what were the results really going to look like?

JEFF FLOCK

But Thompson has won back many analysts after solidifying the management team, and persuading them that the security/storage combination might make sense after all.

"I got really feisty." Sara Lacey covered him through the down times and says, "Thompson felt he deserved more of Wall Street's trust. "I've proven myself. Look what I've done for Wall Street. Look at how the stocks appreciated. I've earned the right to do this and if you don't think so, sell the shares."

Confidence instilled, he says, by his postman father, and school teacher mother, in Palm Beach, FL. A Florida A&M business major, Thompson was already married with children when he joined IBM in 1972. "I had a wonderful, wonderful IBM career. I spent 27 years, 9 months, and 13 days there, and enjoyed every minute of it." But he wanted to run a company. And he didn't think that it'd happen at IBM. He brought a wealth of experience, but not the button down shirts and attitude to Silicon Valley. "Once upon a time, every Symantec employee sat in an office." Thompson tore out the walls, here at headquarters, to create open space, where people could collaborate and he built this huge boardroom, so more of his deputies could be in on board meeting.

SARAH LACEY

He's very different than your average Silicon Valley CEO. He's not just totally consumed with what he's doing for a living. He's a balanced guy. He's got a lot of perspective. He has a lot of confidence.

JEFF FLOCK

Confidence to continue growing Symantec. Not letting the Veritas experience discourage more acquisitions. You've done it a lot. "Yes we have. (laughing) Perhaps more than some people think we should have." More coming? "Always more coming." Some worry about Microsoft getting into the security business. Others that the company could be a takeover target itself. Not to worry. Under Thompson, protecting against hostile threats, is what Symantec does best. In Coopertino, CA, I'm Jeff Flock, for CEO Exchange.

JEFF GREENFIELD

Want to just take a moment about your background. Raised in Palm Beach.

JOHN THOMPSON

West Palm Beach.

JEFF GREENFIELD

I understand.. I'm getting there. But did you ever wander over to Worth Avenue? And look at some of those stores and look at some of those mansions along the ocean and say, there's another kind of life here. I wonder if I have a shot at that?

JOHN THOMPSON

Well, actually my freshman year in college, I worked in a women's handbag shop on Worth Avenue.

JEFF GREENFIELD

We should explain that Worth Avenue sort of makes Rodeo Drive look like the K-Mart section of town. (laughter)

JOHN THOMPSON

And I can remember my job was stocking bags. And I can remember people coming into the stores and spending literally thousands and thousands of dollars for a handbag. And one of the salespeople asked me to get a bag that was way up on a shelf, and I climbed up on the ladder. I got the bag, I brought it down and as I was waiting for her to come back, I opened it up to look at it. This bag was well over a \$100,000. This is back in the 60s.

JEFF GREENFIELD

When that was a lot of money for a bag. (laughter)

JOHN THOMPSON

I just couldn't believe that someone could pay that much money for a handbag. And so there was clearly a different life on that side of the canal, than on the side where I grew up.

JEFF GREENFIELD

Because you said that you had the notion that you'd like to have been a business man, but growing up African-American, West Palm Beach, that the definition of a businessman was like the local merchant.

JOHN THOMPSON

Sure. It was more about the community. It was more about the local dry cleaner, the local grocer, the local person who provided services, if you will, within that community. And while I looked at them as the leaders in the community, I knew that I, too, wanted to be a leader. I couldn't define in 1971, when I came out of Florida A&M what that really meant, but if I put my mind to I want to be a businessman, I would eventually find my way into a business that would be both exciting and rewarding.

JEFF GREENFIELD

Let me just ask you what I asked Paul earlier. Was sales for you the jumping off point?

JOHN THOMPSON

Oh absolutely. I, I worked my way through college. I sold stereo equipment back when component stereo was kind of the "in" thing. And I can remember a fraternity brother of mine, come in to me and saying, "IBM's on campus interviewing for sales people, and you should go interview with them." And my response was well, look, look at me. I've got an 8 lb. Afro, a beard (laughter), you know, two-toned shoes. I don't fit the IBM mold." And sure enough, I went on the interview and I sold a stereo system to the guy who was interviewing me. (laughter) (applause) And I knew that, you know, if I could adjust, I could work my way into the IBM culture.

JEFF GREENFIELD

Let's take a look at how a CEO deals with a challenge, which is a polite word for this is going to be a tough day. You acquire Veritas. I think the value of Symantec drops \$1.5 billion in a day.

JOHN THOMPSON

More than that.

JEFF GREENFIELD

Oh okay.

JOHN THOMPSON

Well, what actually happened with the transaction was that it leaked about two days before we were ready to announce it. And on the leak, the stock dropped several billion dollars, and then on the actual day of announcement, it did drop about a billion dollars. So, if you look at the three day period, we probably lost \$4-5 billion in market cap in that transaction period.

JEFF GREENFIELD

A few phone calls came to you?

JOHN THOMPSON

Just one or two. (laughing) But we were convinced that what we were doing was the right thing, and clearly, it put the onus on me to explain to investors, our employees, and our customers, not just what we were doing, but why we were doing it. And as I reflect on that probably 6-12 month period of time, I think we spent way too much time on the what, and not as much time on the why.

JEFF GREENFIELD

What do you think and it may be too simplistic, what is the one thing that the ordinary person who is using a computer, but is not particularly computer literate, just like me, the biggest mistake that I can make in terms of protecting my security, my identity, what would it be?

JOHN THOMPSON

Well, interestingly enough, after all the years of people being active on the internet, only about half of the world's active internet users have adequate security on their machines. They forget to update them. As a matter of fact, most of you click "reboot later" or "try later" or "retry later", because you don't want to be disturbed when you're interacting with whatever it is the process that you're involved in. And so, people need to be mindful that they have to be active in the process of securing their own environment.

It would be like having a car, that you park in a community that you know might be a little suspicious, but you don't lock the doors.

JEFF GREENFIELD

You know, I asked Anne Mulcahy, who is famously fed up with being analyzed as a woman CEO, instead of the one who saved Xerox, but I did ask her this way. Is it any consolation, that there are a great number of women out there, who might look at you and say, I can do that? As being, I believe, the only African-American CEO in Silicon Valley, I can easily understand an equal kind of impatience. On the other hand, is there some solace similarly in knowing that there might be a number of young African-American men and women, who say, "Oh, that's not closed to me."

JOHN THOMPSON

Well I don't think of myself as a role model, because I think to the extent that you move in that direction, you delude yourself and you start to think that you are more than you actually are. And so I concentrate on doing the best job I know how to do. And if I do that and do that well, then that gives me the opportunity to demonstrate to others, that it can be done and it has nothing to do with gender, or ethnicity. It's all about hard work and staying focused

JEFF GREENFIELD

You're also quite well known for – as again was mentioned in the piece, for not being totally obsessed with work. You have another life. And that life includes game hunting. It includes wine and cooking and it includes fishing up in Alaska. I've talked to a number of CEOs who find it very hard to turn the machine off, because they're so aware of their responsibility every minute of every day. How did you do this? How did you learn to turn it off?

JOHN THOMPSON

Well, after 35 years of doing something, you ought to be able to find some balance, somewhere in your life and the fact that I enjoy bird hunting in the East Bay of California or would like to go and spend 2-3 days in a stream in Alaska, I believe that we all need to be refreshed and we should have hobbies that allow us some form of mental escape. So if you're standing in a field with a 12 gauge shotgun, you better be paying attention or somebody is going to get hurt.

JEFF GREENFIELD

Especially if you're with the Vice President. (laughter)

JOHN THOMPSON

Well, I didn't say that.

JEFF GREENFIELD

And when you're out there, is your PDA, is your Blackberry on or off?

JOHN THOMPSON

No, it's not. I don't carry it. We have a wonderful wonderful team at Symantec, and my responsibility to our board and to our investors, is to build a leadership team that

can run this company. Now I have a responsibility to guide it, but if I can't walk away for a few hours or a few days, without the company continuing to do well, then I've not done the real job that they're hiring me to do. (applause)

JEFF GREENFIELD

Once again, we want to take a question or two from the audience.

FROM THE AUDIENCE

My name is Dion [...]. I'm a graduate student in the Haas School of Business, and first I want to start off by saying, thank you and you are an inspiration for young African-Americans, looking to aspire to be where you are. So, thank you for that. My question is being that there are other companies like internet browsers that embed all those different virus protection software, and virus protection features, how will Symantec evolve and sort of stay ahead of that given that there's a constant attempt to commoditize what you guys do, your core business?

JOHN THOMPSON

Well in actuality, we think there's a wonderful opportunity for us to continue to not only acquire, but innovate around managing the systems and network environment better, and hopefully be more focused than the companies that have a broader range, if you will, of capabilities or broader range of focus than we do. Focus is a critically important issue for every company, and you have to pick where you're going to go concentrate.

JEFF GREENFIELD

Thanks for the question. We've got someone else who's got a question for Mr. Thompson.

FROM THE AUDIENCE

Good evening. My name is Scott [...]. And clearly to succeed in the technology sector, you have to maintain a global perspective, but you are also an American CEO, so I'd like to hear what your concept is of the responsibilities as a corporate citizen.

JOHN THOMPSON

Well, I've always believed that the worse perspective of seeing the world is from behind my desk in Cupertino. And I spend 120-140 days a year traveling. And I think we have a responsibility as a company and me as the leader of the company to understand the cultural issues and environmental issues, quite frankly, around the world. And so I think as you spend time out with customers, out with partners, out with our employees, it gives you a great sense of what's going on in the world, that allows you to shape the policies and practices of the company.

JEFF GREENFIELD

Thanks for the question. Before we bring back Paul Otellini, we're going to visit the campus of his alma mater, and our host for this program, the Haas School of Business and here is correspondent, Randal Pinkett. Randal?

SCHOOL TOUR PACKAGE.

Thanks Jeff. Haas students enjoy a beautiful backdrop, the gorgeous San Francisco Bay, but Haas is more than just good looks. As second year MBA student and digital media entrepreneur, Seth Familian can attest, he and his classmates aim to lead through innovation. So Seth, lead the way.

SETH FAMILIAN

Thanks Randall. We students at the Haas School of Business really are inspired by our location. Berkeley in the Bay area have always been a hot bed for new ideas and business innovation. Thanks to Silicon Valley, the biotech corridor, the digital media revolution, and the kind of progressive culture that pervade these industries in this area.

Berkeley MBA students have a strong desire to get involved and make a difference in the world.

One of the Haas School's great advantage is its close collaboration with other departments at UC-Berkeley. This interdisciplinary nature is what makes the school so innovative. We share classes with computer science students, engineering students, even design students.

Haas is at the epicenter of cutting edge thinking. People here are passionate about innovation, making Haas a wonderful place to think big and to transform ambitious ideas into powerful realities.

The school began over 100 years ago with a focus on cultural exchange and trade with the Pacific Rim. Today, Haas is ranked by *Business Week* as one of the top 10 business schools in the country, and about 1 in 3 students are from countries outside the United States. Haas students are extraordinarily entrepreneurial, and we have entrepreneurial opportunities every single day. We have opportunities to initiate new courses and the freedom to organize major events, such as the 2006 Play Conference on Digital Media & Entertainment, which I helped organize.

Students are drawn to Haas because education here is a team sport. We learn from not just a tremendous faculty, but from the experiences of one another.

As Randall mentioned, my passion lies at the intersection of digital media technology and innovation. I've been able to leverage that passion at Haas and in turn speak with a number of newspapers, and their senior management about how digital media is affecting their business models and their contact consumption experience.

The Berkeley entrepreneurship lab. This is where the magic happens. Where students turn their class projects into businesses. This incubator offers budding entrepreneurs office resources, a place to hang their hats, and advice from faculty and practitioners on how to build their businesses.

Like I told you earlier, we're set to change the world. I'm off to a corporate finance class, but thank you for joining me on this tour of the Haas School of Business. Back to you Randall.

RANDAL PINKETT

Here's to innovative campus CEO Seth Familian. Thanks for that great tour, and I can see how Berkeley is truly fostering the entrepreneurial spirit. We wish you much success in your digital endeavors. And thanks to the University of California at Berkeley's Haas School of Business for having us. Back to you Jeff.

JEFF GREENFIELD

Let's thank Seth and the Haas School of Business. Thank yourselves actually for all the help for the show. (applause) And as the more perceptive of you will notice, Paul Otellini has come back and rejoined John Thompson. You guys partnered, didn't you? You've got Symantec stuff in one of your new devices. So how are each of you to deal with? (laughter) Reasonable partner? You get along okay?

PAUL OTELLINI

It was a great partnership.

JOHN THOMPSON

The work that's being done around embedding security technologies into the chip, is a natural extension of where we have to take our capability and working with Intel is a real pleasure.

JEFF GREENFIELD

Which is exactly where I was hoping you'd lead us. Because it does seem to me that everything that you're doing is expanding the range and the reach of these devices. Is there a sense in which every time you see what someone like Paul and his company is doing, you're thinking, we're pushing the frontier of vulnerability, further and further out?

JOHN THOMPSON

Well I think the internet has opened up an array of possibilities that we never even imagined 20 years ago. And so I don't see advances in technology as a threat at all. I view all of them as an opportunity. It may force us to reconfigure the way we think about our business, but that's what I get paid to do as a CEO.

PAUL OTELLINI

If you think about the very best way to deliver a secure environment, it's not just in software and it's not just in hardware because the bad guys can pick or choose in terms of the way they want to attack things. And what I like about what we have done with our most recent product, is actually engineer this holistically, to ensure that the hardware is as good as it can be, in terms of security, the software is as good as it can be and the fact that they work together in a seamless fashion, makes it extremely hard

for someone to crack these things. There is no such thing as a bullet proof security, but we can move faster than the bad guys move.

JOHN THOMPSON

Think about it this way, in the physical world in which we live, we layer security on. Case in point. Just because you have locks on your doors, doesn't mean you don't put a burglar alarm on your house or motion sensors. Just because you live in a gated community doesn't mean you would abandon any of those other security devices. And depending upon the value of the assets that you're trying to protect, it will dictate how much of the layers you actually deploy. And I think in the digital world, we need to think about it in that context.

JEFF GREENFIELD

Paul, I want to shift gears a bit. When you heard John say that when he goes off on these trips, he turns off all these devices –

PAUL OTELLINI

I was jealous. (laughter)

JEFF GREENFIELD

Ahh. But see, this is what's interesting. I mean I think there is a different approach. You are well known for having said every waking hour is a working hour. Now that doesn't strike me as your philosophy. Some waking hours are not working hours. Who's got the better of this argument?

PAUL OTELLINI

What I like about having the accessibility that our products, our technologies bring you, is that I have a choice. So if I want to turn it off and read a book, I can do it. If I want to be able to access some things in an unusual place, I can do it. I can remember when I started in this industry, if I had to get something done on a Saturday, I had to leave the house and drive into work. How much more invasive is that? Than, you know what? I'm going to go upstairs and get on the PC for an hour.

JEFF GREENFIELD

But what's interesting about this is, and I'm not being flip about this, I think I know people who don't – who don't know how to turn that stuff off. That there's a reason why they call those devices Crackberries.

JOHN THOMPSON

Well I think the openness of the world in which we live is a plus. But I also think we need a little downtime. We need a little time to reflect. And when I go away and I am in the fields of South Dakota chasing a pheasant, I come back refreshed. I come back relaxed. I come back better prepared to work than having strained through 8 hours of mail over the weekend because I've had a chance to think about something else.

JEFF GREENFIELD

What's interesting is your company, I mean, Intel, which is rated as high as any company I've seen about best places – one of the things I think your company does is you give paid sabbaticals every 7 years. Right?

PAUL OTELLINI

Yeah.

JEFF GREENFIELD

Have you ever taken one?

PAUL OTELLINI

I've earned four.

JEFF GREENFIELD

And taken them? (laughter))

PAUL OTELLINI

I've – I've taken parts of them. But, you know, I took the first two early in my career. The last two I was impatient. I never got through them. But that's a personal choice. And I enjoy downtime as much as the next person. I very often you know, I put family and friends ahead of my company. And but when it's time to work, I work.

JEFF GREENFIELD

We're going to take another question or two from the audience.

FROM THE AUDIENCE

My name is Jenny [...]. I'm a senior at the Haas School, and in recent years, including both your firms, have had to actively recruit overseas candidates to fill high skilled technical positions. And this at times has been controversial. So to what extent do you feel this is still an issue and how do you see it affecting your firms going forward?

PAUL OTELLINI

The biggest problem we have right now in the United States, is getting work permits for the graduates of our technical universities. And we don't staple a green card to every degree. And we ought to. We tell these people, we'll educate you and then please go home. As an American, that upsets me. As an employer, I have a choice. If we tell someone to go home, I can hire them in their home country. Not every company in the United States can do that. So we're doing ourselves a huge disservice by not making the opportunity to work in this country available to those who are graduated and educated here, often at taxpayer's expense.

JEFF GREENFIELD

John, would you like to –

JOHN THOMPSON

Well in our company, about half of our revenues are derived from non-U.S. sources or non-U.S. based customers. And it's obvious to me that if we're going to be effective in understanding customer needs and customer issues, we not only need to have a sales presence in those countries, but an engineering and product development presence in those countries as well.

The fact that there may be more technical skills available in some parts of the world, then there appear to be in the U.S., is more a statement about, quite frankly, the educational system of our country and what it may need to do to improve math and science skills here.

JEFF GREENFIELD

Thank you for the question. We've got another one – go ahead.

FROM THE AUDIENCE

Hi, how are you? My name is Gina [...]. I'm the COO of a Bay area law firm and one of the things that we're struggling with and I know as a baby boomer myself, people are starting to retire, the workforce is shrinking, and you know, the young kids today kind of want to work differently than you with your Blackberry with you all the time. So I'm wondering how you're dealing with the generational issues. It's a constant conversation at our place.

PAUL OTELLINI

One of the things we pride ourselves on is allowing telecommuting and flexible work hours and those kinds of things. We give every professional employee in the company a laptop, so that they can work around their own schedules and their own needs and those kinds of things. And that's particularly important for working women who have more acute needs in this area than the guys do.

JOHN THOMPSON

I had an interesting wake up call when I arrived at Symantec after having spent a long time at IBM and IBM was a blue suit, white shirt, wing-tipped company. I visited our Santa Monica location and I saw a young man running down the hall and I asked the engineering leader who was ushering me through, who is that? And what is he doing? She said, "Oh that's Cary, he's going to put on his clothes." I went, "Excuse me?" (laughter) Well in Santa Monica, people wear shorts to work. It's a very casual environment. They are incredible engineers. As a matter of fact, Cary is a Symantec fellow. If Cary wants to wear shorts, I don't care. If Cary wants to play video games during the day, I really don't care. What I care about is what Cary contributes to the work of Symantec. And I think we have to be adaptive as leaders to make sure that our policies don't become so restrictive that we run away some of the talented young people that want to be a part of our company.

JEFF GREENFIELD

Would it be fair to say that if Cary had worked at IBM, he would not be wearing shorts?

JOHN THOMPSON

It would be a fair statement. (laughter)

JEFF GREENFIELD

Let's talk about what may be over the horizon. There's a great story which I think is true, that about a 100 years ago, the head of the U.S. Patent Office recommended that the office be closed, because he said, "Everything has already been invented." This seems to have been a bad call. (laughter) So I'm wondering in that spirit, what – what do you see or even imagine coming within 10-20 years, that you think will just knock our socks off?

JOHN THOMPSON

Well I don't fashion myself as a soothsayer. I think what happens in a world where people are able to collaborate more, there is an exponential effect that occurs around ideas. I can tell you it will be different, but I can't tell you what it would look like.

PAUL OTELLINI

I think the biggest change that we're likely to see in this area is in the way that we are entertained. You Tube, and the evolution of how You Tube will evolve content onto the internet eventually premium content on the internet, essentially turns all of us into our own network programs. We'll be able to choose what we want to see, where we want to see it, how we want to see it and this is not a TiVo –like phenomena. It's an editorial phenomena, that I can now be my own chooser of what I –what entertains me.

JEFF GREENFIELD

One of the promises of this technology was the idea that it would be a threat to tyranny. And yet it seems that, for instance in China, that government is perfectly well able to use this new technology to sustain big economic growth, and at the same time, crack down remorselessly on people who are trying to use it for political expression.

PAUL OTELLINI

The people in China have more access to information today than they did before there were computers and internet. It's a lot easier to control the press, than it is to control the web. And I think that while there is certainly some significant editorializing going on in that country, the availability of information, exchange of ideas today, is light years from what it was when I first went to China 20 years ago.

JOHN THOMPSON

Well I think you have to be aware of and conform to local laws and be cognizant of and sensitive to local customs. But I don't think you should let those dictate what the policies of the company are, because fundamentally, we are a global company. And while we want to do business in China, we want to have engineers and developers in China. We want to serve global markets and therefore, we need to be mindful of that.

JEFF GREENFIELD

I think we have time for maybe one more –

FROM THE AUDIENCE

My name is James [...]. I'm from the Haas School. I have a question for Mr. Otellini. I feel very excited when you talk about the portable, ultra portable computer device. Having lived in Hong Kong, I'm exposed to the cell phone culture and I just love a full sized keyboard with a big screen. I really believe that that will be the next leap ahead device.

PAUL OTELLINI

So do I. And I'm glad you asked that question. (laughter) I just happen to have (laughter) (applause). You know if you bring enough toys someone is bound to ask the right question. This is an ultra mobile PC. This machine is as powerful as the most powerful laptop in the world two years ago. It's a full function PC. I think of this still, even though it's got a keyboard. It's got a screen. And it's a little large for your pocket. This is like the first generation cell phone. A little clunky. Give this two or three more generation turns and that's 2-3 more years, and the device that you described, that you wanted, is absolutely going to be available for very very affordable levels.

FROM THE AUDIENCE

Thank you. That's great.

JOHN THOMPSON

So, unlike Paul, who's in the hardware business, I'm in the software business. And there's a great product here for (laughter) (applause). You can't see it but it's there. I can assure you.

JEFF GREENFIELD

After the show I've got some Wolf Blister action figures that will be on sale. (laughter). Before we close, we're going to turn to what we call the lightening round. I'm going to ask each of you some very short questions. I'd like you to respond with the first thing that pops into your head and no access, wireless, or otherwise is to be engaged and I don't care what you have in your pocket for the next go. (laughter)

So iPod, CD, whatever, what music do you listen to most frequently?

JOHN THOMPSON
I love jazz. Absolutely love jazz.

JEFF GREENFIELD
Any particular favorites?

JOHN THOMPSON
I love Winton Marsalis, anyone who is playing a trumpet is a favorite of mine.

PAUL OTELLINI
Bimodal.. Classical, and Tony Bennett.

JEFF GREENFIELD
The new hero of MTV, Tony Bennett.

PAUL OTELLINI
The new hero of MTV.

JEFF GREENFIELD
Not counting family and friends, a person living or dead that you'd really like to have a long, leisurely dinner with?

PAUL OTELLINI
Albert Einstein.

JOHN THOMPSON
Martin Luther King.

JEFF GREENFIELD
A somewhat less elevated question, what would you like that meal to be? Especially if it was one of your last ones? I want a menu.

JOHN THOMPSON
One I cooked. (laughter)

PAUL OTELLINI
One my wife cooks. (laughter) (applause)

JEFF GREENFIELD
All right, you're not getting off the hook that easy. What would you cook and what would you like your wife to cook?

JOHN THOMPSON
Well, I have a number of things that I really enjoy cooking and I enjoy cooking in our wood oven. And so, it would probably be a roast of some sort, a roasted piece of beef, with probably roasted vegetables, we'd probably have some very light dessert,

like a sorbet of some sort, but we'd find something that would certainly be interesting.

JEFF GREENFIELD

And a pretty good red wine with that, perhaps?

JOHN THOMPSON

Oh absolutely.

JEFF GREENFIELD

Thank you. I'm so tired of CEOs telling me all they want is cheeseburger and fries. That was an honest answer. Would you like to weigh in?

PAUL OTELLINI

Well if I was cooking, I would cook Italian food. My grandfather taught me to make Risotto and I make a mean Risotto.

JEFF GREENFIELD

Other than your job, what do you think you are or would be good at, take you out of the office. What do you think you'd like to take a crack at? I think I could do that.

PAUL OTELLINI

I would like to be an architect. Build buildings.

JOHN THOMPSON

I'd like to be a teacher.

JEFF GREENFIELD

What do you think you're bad at?

JOHN THOMPSON

Nothing (laughter) No, I think sometimes I get a little lazy on follow through and some of the things that need to happen just don't happen. And that's because I prioritize things lower than perhaps they should be sometimes.

JEFF GREENFIELD

I think you and I have common DNA somewhere in our background, cause that one certainly resonates with me. What do you think you're not particularly good at?

PAUL OTELLINI

Patience.

JEFF GREENFIELD

Patience. (laughter) When was the last time you got angry at work and what did you do about it?

JOHN THOMPSON

Angry. I never get angry at work.

JEFF GREENFIELD

Frustrated?

JOHN THOMPSON

Annoyed. Frustrated. I think the last time I was really really frustrated was as we were working to integrate Veritas and Symantec. People kept saying, "I don't get the strategy. I don't blah, blah, blah, blah." And it finally dawned on me that what they were saying is, I'm not bought in yet. And so that translated into me being very very direct, with a very large group of people to either sign up or sign out. And it ended up helping our company move forward, because it solidified our team. But it did come out of frustration, if you will, as opposed to anger.

JEFF GREENFIELD

That's a better word I think.

PAUL OTELLINI

Same question? Actually, it was about 7 o'clock this morning. (laughter) and it was on a phone call with a subordinate who suggested an idea that I thought was ill-conceived. (laughter) And I let him know that. And I did it in a very impolite fashion. And what I did about it, after I hung up, I sent him a note, saying "I'm sorry. Let's talk." And I thought about it and he actually had a pretty good idea as I thought more about it.

JEFF GREENFIELD

Do you have a favorite high tech gadget? One that you really treasure more than any other?

PAUL OTELLINI

My Intel Centrino Notebook. (laughter)

JOHN THOMPSON

Me too.

JEFF GREENFIELD

You've set a record here. I really admire this. I mean for a non-commercial station, I mean this has really been amazing.

JOHN THOMPSON

Mine is Norton internet security by the way. (laughing)

JEFF GREENFIELD

I really appreciate the time you spent with us. Really want to extend my thanks, the thanks of the show and this audience here at Haas School to our guests. Taking the

time to join us, to share these thoughts with us. And let me just say if the meeting of the minds, this one, has helped contribute in any way to the world's marketplace of ideas, actually that's the business of CEO Exchange. I'm Jeff Greenfield. Thank you, thank you very much for watching. Take care. (applause)

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