

1           **P R O C E E D I N G S**

2           **VO ANNOUNCE:** Ladies and Gentlemen. Please  
3 take your seats.

4           (Video)

5           **MR. KOHLENBERGER:** Good-morning. My name  
6 is Jim Kohlenberger. I work with the Business  
7 Software Alliance On behalf of the members of  
8 beginners it's my distinct pleasure to officially  
9 open the 2003 global tech split.

10           Today we are going to take an exciting  
11 glimpse into the future. One in which technology  
12 will continue to dramatically impact life as we know  
13 it.

14           Please turn off your cell phones.

15           We are going to have a very tight  
16 schedule and need to be careful about  
17 adhering to that today.

18           Secretary Ridge is scheduled to speak  
19 promptly at noon at the Renaissance Hotel. We ask  
20 that you help us stay on schedule by moving quickly  
21 to the hotel when it is time for lunch. We will

1 have people directing you to the ballroom.

2       We want you to be active participants in  
3 today's dialogue. You will be invited to ask  
4 questions and interact through a number of  
5 interactive audience polls.

6       As you came in, you should have found one  
7 of these voting machines at your seats. When you  
8 have the option to vote, just press the appropriate  
9 number. If you want to change your answer, just  
10 push the new number. All votes will be counted  
11 until the question closes.

12       Let's try it out. Here is a sample  
13 question. Who is the Governor of California? Just  
14 push the number that corresponds with your answer.  
15 We can immediately see the results. If Arnold, not  
16 quite yet, but I'm glad you all are focused on what  
17 will be in the future. If Davis, I can tell we have  
18 a sharp audience. A yes or no question works the  
19 same way. The screen will indicate 1 for yes and 2  
20 for no.

21       At lunch, please leave the device on your

1 chair. At the end of the day, please leave them  
2 here. Trust me, they won't change channels on your  
3 TV.

4 We look forward to sharing an exciting day  
5 with you.

6 (Malfunction headphones)

7 **MR HOLLEYMAN:** We are fortunate to look ahead  
8 through the eyes of individuals who see far and  
9 clear on the subject of technology enabled change.  
10 Joining us today are the CEO's of the worlds leading  
11 commercial software companies, joined by a  
12 distinguished international cast of software makers,  
13 academics, visionaries and pioneers.

14 These are the very people who will effect  
15 and enable the boundless enhancement that technology  
16 will bring to our lives. SBA and member CEO's a  
17 delighted that you could join us.

18 If you think back with me about the  
19 history of advancement, what the future holds. In  
20 that regard, you may be able to trace what I refer  
21 to as human kinds thread of innovation. It's

1 existed for as long as man inhabits the planet. It  
2 defines our future.

3       Many such intentions began as oddities,  
4 unique or peculiar inventions. For example, in 1895  
5 the x-ray came up us, and while experimenting with  
6 the cathoray tube and paper. His strange discovery  
7 was considered by many to be a new art form, a way  
8 of giving inmate portraits to family and friends,  
9 but within a year of that, big city hospitals had an  
10 x-ray machine diagnosing fractures that paved the  
11 way for today's more sophisticated say for  
12 ultrasounds, MRI's and treatments .

13       Each innovation opens the door to another  
14 shaping modern society as we know it. In every  
15 discipline that thread of innovation has been  
16 evident through the centuries. It certainly is  
17 evident today in the technology industry.

18       From the outset we have been sharply  
19 focused on what comes next pursuing the next  
20 innovation enabled by the one before.

21       Things are being constantly improved on,

1 its innovation variance, for example, the technology  
2 that designs, runs and protects our infrastructure  
3 is faster and more robust in every iteration.  
4 Architects and engineers are able to collaborate in  
5 real time across borders and time zones designing  
6 more sophisticated buildings, more durable highways  
7 and safer airports.

8 In fact, technology has become so  
9 applicable and usable that it touches nearly every  
10 aspect of our lives. IT does matter.

11 It matters for the countless conveniences  
12 in our lives. It matters for the security of this  
13 building. It matters to the safety of your drive or  
14 flight home. For today's Global Tech Summit let's  
15 examine technology. Let's marvel at its  
16 possibilities.

17 I have the privilege of leading an  
18 organization whose members are responsible for some  
19 of the most significant technological advancements  
20 in history. In business our products have increased  
21 efficiency and productivity and have opened new

1 avenues of commerce and exchange. In communications  
2 software technology is connected people with  
3 information whenever and wherever they desire.

4       In government commercial software has  
5 streamlined services and made possible faster better  
6 responsiveness to citizens. And in education  
7 software is expanding the classroom far beyond the  
8 traditional four walls to bring together teachers  
9 and students from all over the world.

10       And finally in entertainment and the arts,  
11 computing technology is providing creative people  
12 with tools that continually challenge their  
13 imaginations.

14       Today business is exponentially more  
15 efficient because of innovations in commercial  
16 software. No matter the industry or application,  
17 software is redefined the very concept of  
18 productivity as we know it.

19       And we have only just begun. Our CEO's  
20 believe that 75% or more of software's benefits  
21 still lie ahead. 75%. Of course, there are

1 obstacles. Governments need to realize it's in  
2 everyone's best interest to employment confidence in  
3 network security, provide for access to global  
4 marks, ensure strong protection for international  
5 electwall property and cultivate a skilled worker  
6 force.

7 I'm confident that as the SBA to engage  
8 with policy makers around the world that governments  
9 will increasingly understand their role in fostering  
10 innovation.

11 The drive to advance great ideas is a  
12 powerful human motivator. No one knows that better  
13 than the business leaders for whom we are about to  
14 hear. Their companies and the outstanding  
15 advancements for which there responsible are living  
16 proof that the thread of innovation is alive and  
17 well.

18 Today's discussions are certain to be  
19 compelling. Thank you for joining us for the 2003  
20 global tech submit.

21 (Applause).

1           I would like to introduce the CEO's  
2           of the BSA members companies who are with us  
3           today. They will help us begin our discussion  
4           on this thread of innovation and where it takes  
5           us next.

6           Please join me in welcoming them. First  
7           we have Dominique Goupil, president of Filemaker.

8           (Applause).

9           Next Bill Conner, chairman, president  
10          and CEO of Entrust.

11          (Applause).

12          Please welcome Greg Bentley, CEO of  
13          Bentley Systems.

14          (Applause)

15          Tom Noonan is chairman and CEO of  
16          Internet Security Systems.

17          (Applause).

18          Next is Carol Bartz, chairman CEO and  
19          president of Autodesk.

20          (Applause).

21          George Samenuk, chairman CEO of



1 Network Associates. Welcome.  
2 (Applause).  
3 Bruce Chizen, is president and CEO of  
4 Adobe Systems.

5 (Applause)  
6 Next we have Rob Burgess, who is  
7 chairman and CEO of Macromedia.

8 (Applause)  
9 Please welcome Art Coviello,  
10 president and CEO of RSA Security.

11 (Applause).  
12 We have David Krall, who is president  
13 and CEO of Avid Technology.

14 (Applause).  
15 And Dale Fuller is president and CEO  
16 on Borland Software.

17 (Applause).  
18 Ladies and gentlemen, the CEO's of  
19 the Business Software Alliance.

20 (Applause).  
21 Please welcome anchor man and

1 editorial editor of CNN Lou Dobbs as moderator  
2 for this morning panel. Lou Dobbs.

3 **MR. DOBBS:** Good-morning everybody. It's  
4 a great pleasure to be with you. I know that these  
5 CEO's are excited to be with you. And I know I'm  
6 excited to ask the gentlemen questions that will  
7 elicit an expected answer.

8 The next wave of innovation is what we are  
9 here to talk about. And all of us here, all of us  
10 are aware of the many changes in our lives that are  
11 a direct result of software and technology. And  
12 it's hard to imagine our parents even remembering  
13 life without the internet before e-mail, Goggle,  
14 Something called Google. And E bay.

15 As our panelist will tell you, the best is  
16 certainly yet to come. The questions are, of  
17 course, what the SBA will look like. I'm curious as  
18 to what to expect next. There is no more  
19 knowledgeable and certainly no more connected group  
20 to answer than this distinguished panel.

21 We hope this will be a productive

1 discussion with our panelist. Sharing tremendous  
2 benefits as well as, of course, the inevitable  
3 challenges. Those challenges come with what Robert  
4 calls the thread of innovation.

5 In 2001 many of you were here in  
6 Washington for the BSA first Global Tech Summit.  
7 Two years later a lot has changed; new software,  
8 increase usage, faster connectivity, consumer  
9 concerns, policy decisions and definitively the  
10 economy.

11 I want to start with Carol Bartz. Carol,  
12 if you would be so kind to begin by just giving your  
13 sense of where we are today, the state of the  
14 industry.

15 **MS. BARTZ:** I think the state of the  
16 industry is actually in a pretty exciting time. We  
17 certainly have been through a period of, as we know  
18 bad economy, tough economy.

19 But that hasn't really stopped innovation.  
20 If you look at R & D spending in the software  
21 industry, 18 to 20%, my company is even higher, we

1 really are taking this time to come up stronger with  
2 some great applications, some great technology,  
3 security. A lot of security CEO's sitting here. So  
4 we think there's lot of excitement ahead.

5 Most of us thrive on the idea that there  
6 is innovation around the corner that is going to  
7 change things. That's why we run these companies.  
8 That's why many of us have the computer science  
9 degrees. It's addictive. It's fun.

10 **MR. DOBBS:** We've heard the expression "Killer Ap" and I can  
11 remember when software companies wanted to get rid  
12 of the expression. Are you glad that the expression "killer ap" is gone?

**MS. BARTZ:** I don't think it's gone unfortunately, I still hear it. Too  
13 often people are depending on such a thing, I think that is

11 sort of a knock. If there's a killer AP, means  
12 there's only a company or very few companies that  
13 get to participate.

14 Most of us serve a variety of industries.  
15 I think in all industries there are very, very  
16 important applications. Yeah...The real answer to your question ...Yeah, I'm  
17 sick of it. (laughter) I think I'm glad it's  
18 gone. I should have just said that.

1           **MR. DOBBS:** Well you did say that. Tom, I guess I could be accused  
2   of being somewhat glib saying best is yet to come at the outset here. So I'm  
3 going to invite you to join me in that conclusion. Is the best, in fact, yet to come  
4 or have we seen the predominant innovation to this point?

**MR. NOONAN:** It should be clear to anyone that this  
5 industry is driven by innovation. It is only  
6 limited by the human mind. That is what is so  
7 interesting about software development and about the

1 software industry.

2           So I think my colleagues here, along with  
3 the broader group, believe that 75% of the  
4 innovation is left to come. I don't know how you  
5 categorize that. 99% is yet to come. Because  
6 software will continue to innovate as new underlying  
7 technologies like nanotechnology, bioinformatics  
8 where very small computers go into the body and  
9 repair things. I think the future is so bright I  
10 should be wearing my shades. I'm excited.

11           **MR. DOBBS:** David, that is all well and  
12 good. As we have watched these immense productivity  
13 gains over the course of five to seven years, aren't  
14 most of the productivity games, haven't they been  
15 established now?

16           **MR KRALL:** I think it's always new base  
17 level. We talked about leveling the playing field.  
18 People install IT technology just simply to remain  
19 competitive with other companies who are doing the  
20 same thing. To say that we have gotten to  
21 saturation is almost like saying good management.

1 Everybody understands good management. That's simple. Why isn't it  
2 ubiquitous? In fact, it's hard to  
3 do. It's something that's constantly evolving. The  
4 standards are something that are always striving to  
5 achieve a higher level.

6       When I look at technology, I think it's fundamentally  
7 driven by Moore's law. It tells you every 18 months  
8 the power to do with a singular computer is now  
9 double. All of a sudden, every time you peel back  
10 the onion and there's a whole 'nother layer of  
11 opportunity available to improve what you do.

12       **MR. CHIZEN:** If I could just add to that...If you think about the  
13 investment that  
14 corporations around the world and governments around  
15 the world have made in ERP systems – backend systems – something like  
16 \$30 billion was spent over the last few years. Yet  
17 corporations here in the U.S. alone are spending  
18 millions of dollars on document key repunching  
19 information back into those ERP systems or backend systems.

20       The opportunity that we have as  
21 organizations is something like that increasing  
22 productivity of eliminating the \$15 billion a year  
22       spent on re-key punching that information is

1 tremendous.

2 I look at digital photography. If you  
3 look at the desire of people wanting to share their  
4 precious images with family and friends and the  
5 ability to do that over the web is greater than ever  
6 before.

7 And the infrastructure has just been put  
8 in place. When you talk about the killer app., I  
9 don't think there's one killer app.. The killer  
10 platform is the internet. We are just beginning to  
11 touch the surface. Each of us are now taking advantage of  
12 that killer platform.

13 **MR. DOBBS:** Killer a platform...

14 **MR. GOUPIL:** If I may, some of the technologies which really increase  
15 productivity like e-mail could benefit internet services as well. I started my  
16 career in international business using Telex and there's no doubt e-mail is a  
17 great improvement to that but when you start getting 200 e-mails a day you  
18 kind of wonder about it. So some of our companies are looking at applications  
19 which allow us to manage e-mail much more efficiently and get even  
20 more productivity from a technology which  
21 already enhances technology greatly in the past years.



1                   **MR. DOBBS:** Greg, let  
2 me ask you this. The internet sort of defines at  
3 least the opportunity perhaps the lead dominant  
4 platform that wave of innovation.

5                   Can we reasonably expect a new wave of  
6 innovation. If you believe so, give us a sense of  
7 what you think that wave will look like—its shape, its form, perhaps even its  
8 timing.

8                   **MR BENTLEY:** I talk about waves and cycles  
9 and where we are in the economy of interest to all

1 of us, when we talk about innovation I guess Robert  
2 used the term thread of innovation. It's more  
3 incremental, as now we know.

4 In fact, a lot of us are wondering and  
5 thinking about cycles in our industry and cycles of  
6 technology and cycles in the economy at large.

7 I suggest we think of them separately.  
8 The adoption of technology doesn't correspond to the  
9 revenues for instance through our software industry.  
10 If that's been correlated to capital investment  
11 cycles, the cycle we are in now is a cycle of  
12 further leveraging that investment.

13 In fact, I suggest that the value of the  
14 technology is more related and can be reflected in  
15 the productivity we see in the economy now. Which  
16 gets back to this killer ap notion. There isn't a single killer ap – that's  
misleading.

17 What's the killer strategy is reusing  
18 information of all sorts together and organizational  
19 strategy and a business process that continues to  
20 leverage those investments to further benefits.  
21 Each of us as CEO's run our own enterprises and when

1 sometimes I'm asked "How can we be so confident about the benefits ahead  
2 from technology investment?" I think of my own company.

3 As eager as we are as technology several  
4 to take advantage of new technologies from all the  
5 companies here, it takes some time as a practical  
6 matter to adapt business processes and make sure  
7 that we are reusing and repurposing and  
8 reorganizing everything.

9 It's not one application. It's everything  
10 at once. It takes us years to take advantage of  
11 what we know is feasible. So it's a standing wave that we can  
12 see continuing to drive productivity and prosperity  
13 in the economy ahead.

14 **MR. DOBBS:** When you talk, Greg, about  
15 leveraging capital further. It could always be  
16 taken by some to think that while there's no more  
17 capital available they are going to extrapolate more  
18 benefits from same.

19 Is it a rationalization of true a drive for  
20 greater productivity off a capital base that has at  
21 this point reached homeostasis?

1       **MR. BENTLEY:** It's interesting that we like to say in  
2 the software business, the only thing that's  
3 expensive is people. Compared to costs of -- talk  
4 about deflation and other factors of production.  
5 People are all the time more expensive. Now, they're better  
6 trained and more productive but they're more expensive.

7           What technology can best do is make our  
8 people more productive in the ways they work  
9 together and with customer base and supply base.

10          As to capital specifically, capital  
11 investment dependency for our industry. We are  
12 learning, perhaps it took coming out of very  
13 extended upward economic cycle for us to understand  
14 we need to do this.

15          Our business models and software need to  
16 be related to the value our technology continually  
17 generates and not just the economic cycles of growth  
18 and recession.

19          So many of us area are adapting our own business models so  
20 instead of being driven only by up-front sales of  
21 licenses we rather participate on a provision basis

1 and get on the same side as our users benefits.

2           We get paid as they generate benefits from  
3 technology. That ultimately is a better business  
4 model I think for applying technology and getting  
5 out of this notion that it's a revolution. It's not  
6 a revolution. It's not discontinuous. It's  
7 incremental. Its continuous and we will continue.

8           **MR. DOBBS:** Let me go back to you, David.  
9 There's Greg was talking about people within the  
10 context of knowledge. How difficult is it to find  
11 the right people? How difficult is it to keep them?  
12 How important are people in your judgment.

13           **MR KRALL:** Well, certainly in the age of  
14 the knowledge worker it is absolutely critical for  
15 any of the companies that you see represented up  
16 here. People most important asset.

17           And you find that it is something that on  
18 an ongoing basis as we have been here in Washington  
19 yesterday one of the key messages we have been  
20 talking to literature and law makers about is the  
21 notion how do we ensure there's a long-term supply

1 of educated, well trained people who are going to be  
2 able to supply this country with its long-term  
3 needs.

4 Obviously, it's a long-term goal of this  
5 country to remain at the forefront of technology.

6 **MR. DOBBS:** We have been talking about  
7 connectivity, interactivity, the new platform. We  
8 want to be interactive here as well and get your  
9 sense of what the issues are and how they are best  
10 addressed here, your valuation of the context, as  
11 well as the issues themselves.

12 If we could put up the first question,  
13 which is, what does it take to ensure access to  
14 skilled workers for this industry, a world class  
15 education system: Access to the best lines around  
16 the world. Better employee incentives.

17 Does everybody have a device? Please use  
18 your devices.

19 I want to go back to Dale. What about the  
20 notion, capital, leverage, the importance of people.  
21 Is it possible that we have entered a phase where

1 information technology is simply not what it once  
2 was, that we have experienced the first wave  
3 perhaps, that it's simply a commodity.

4 **MR. FULLER:** I think yesterday's information  
5 is now generic. And new uses of that technology,  
6 new uses of those ideas, knew algorithms that come out  
7 of that are very similar to intellectual property.

8 Leonardo DaVinci designed the first helicopter – never actually flew it.  
9 The idea of the first helicopters spawned  
10 many, many thousands of years of people creating new  
11 ideas of the helicopter. Think about the  
12 generations of those ideas that originally were  
13 started.

14 I think that's the logrhythmic  
15 expedient of what happens with an idea of  
16 intellectual property. What we see today, over the  
17 last 10 years human kind has acquired 90% of all its  
18 knowledge over the last 10 years.

19 That's pretty remarkable thing. Over the  
20 next 10 years human kind will acquire 90% of all its  
21 information as well. So that means everything we  
22 have already learned keep shrinking. We have

1 learned more and more and more. Learning that we  
2 have to do more with that. It's the speed by which  
3 we can see things.

4 I look at the information systems we have  
5 today as just looking glasses into what is the best  
6 computer in the world which is our brain. How do we  
7 see, come up with theories, different trains of  
8 thoughts. Those things, how fast we can fire that  
9 up is important.

10 **MR. SAMENUK:** This industry has grown in three different  
11 areas over the last couple of decades. Mainframe  
12 computer. PC's and PC with internet. We are  
13 entering a new stage of innovation and growth and  
14 job creation in our industry.

15 Our kids will not know wired computers  
16 like we know them today. They will have wireless  
17 access to the internet. The number of internet  
18 enabled PDA phones is going to jump in the next  
19 couple of years. The wireless revolution is taking  
20 hold in front of us right now.

21 That's what is going to drive the new



1 innovation and job growth in our industry.

2           **MR. COVIELLO:** I think the original premise is  
3 ID information as it committed remind me of that  
4 statement of the book that came out in the 90's, The  
5 End Of History.

6           We found out we haven't seen the end of  
7 history. I refer to that as the arrogance people  
8 cannot see to the future. And on a big student of  
9 history. If you go back, if you were a moderator of  
10 the panel in 1800, steam engine had been around 30  
11 years where are the railroad tracks, factories,  
12 steamboats.

13           Fast forward 50 years. Industrial  
14 revolution has taken place. Same thing is going to  
15 happen with the internet. They said in the 90's  
16 that the internet is the most over hyped,  
17 underestimated items in history.

18           It will create an industrial revolution  
19 but one that won't be as harmful to the environment  
20 as the one we saw in the 1900's.

21           **MR. DOBBS:** Let me turn to the poll

1 question going back to the skill issue. What does  
2 it take to ensure skilled workers. These are your  
3 thoughts, if we may have the results.

4 World class education system. Access to  
5 the best minds. Better employee incentives. I  
6 wonder if we had conducted that poll amongst your  
7 employees, what would the answers be.

8 Let's talk about the incentives that are  
9 created for your industry around foreign  
10 competition, international competition.

11 **MR. DOBBS:** Bob, let me turn to you to address that  
12 issue. It's coming on rather quickly.

13 If you would address the issue  
14 of foreign competition and how we are having to  
15 create new incentives to deal with it.

16 **MR. BURGESS:** I think where foreign  
17 competition is actually part of the biggest threat  
18 is in terms of the people, you know, the rate at  
19 which other countries are graduating people in  
20 computer science, for instance, is outpacing ours  
21 now.

1           And so that is really a long-term  
2 competitive advantage for a country. I think it's  
3 probably -- you have seen North America had led a  
4 lot of the waves of innovation so far largely due to  
5 the skills of the workforce and access to capital.

6           That's all changing now. Access to global  
7 markets, the internet creates possibility for people  
8 to access global markets in a much more cost  
9 effective manner than ever before, I think, this is  
10 probably the thing we need to be worried about most.

11           **MR. DOBBS:** Anyone else on this.

12           **MR. GOUPIL:** It's not just the competition for the best minds and  
13 critical talent -- it's also the environment around it and capital  
14 markets and I think we still have a big advantage here. So  
15 even though there are many more engineers outside of  
16 this country a lot of them eventually are going  
17 to want to start a company would move to the U.S.  
18 Because there is a very large internal market and very efficient capital  
19 market. Those are some of the bigger advantages we want to maintain.

20           **MR. BURGESS:** Coming back to the comments  
21 that were made on the wireless industry, if you look at Asia and Europe,  
22 what is occurring there with phones, PDA's and with

1 wireless networks, it's unbelievable how much ahead  
2 of us they are in that particular wave of innovation.

3 **MR. DOBBS:** Bruce, let me ask you this. As CEO's  
4 you obviously face difficulties and challenges every  
5 day. That's why you are paid to make the biggest  
6 decisions.

7 Speaking of Asia. People are pirating

1 your work, intellectual capital is taking on a – in many parts of this world -- less  
2 than important proprietary relevance.

3 What can you realistically do about it?

4 **MR. CHIZEN:** I don't know if people realize  
5 the extent of the problem. We collectively as a  
6 business software community lose \$13 billion in  
7 revenue each and every year. 1 out of 4 copies of  
8 software are pirated or stolen and not paid for. The other thing that will be  
9 a surprise you touches on the question you asked Lou  
10 was even though piracy outside the U.S. is a big  
11 issue in places like China, 92%. Here in the U.S.  
12 piracy is still at 24%. 24% of all software that's  
13 used is stolen.

14 If we were to reduce piracy from 24% to  
15 14%, it would generate an additional \$136 billion to  
16 this economy. What we are doing as an organization  
17 is continuing to educate. We do spend money to BSA  
18 on behalf of its members, do spend a lot of money  
19 educating kids, especially early on so we can help  
20 them understand the value of intellectual property.  
21 Plus spending time, just yesterday we spent a lot of time with the

1 administration and with Congress on helping them to allocate money for  
2 enforcement. People who are deliberately stealing money  
3 will be penalized. It's both education and  
4 enforcement are the key things that we're doing.

5       The other is, we are encouraging U.S.  
6 trade representative to encourage in some cases  
7 encourage very strongly that where we have partners  
8 that they obey intellectual property laws. We are  
9 the biggest, one of the biggest export industries in the world. We export about  
10 \$24 billion a year of  
11 goods and products outside of this country. We  
12 help offset the deficit that this country has.

13       We would like to be able to sell more  
14 outside this country. It's more than 50% of overall  
15 revenues.

16       **MR. FULLER:** In piracy that's 200,000 jobs that are  
17 being lost in the United States on an annual basis  
18 because of piracy.

19       **MR. DOBBS:** That puts a number on it that is perhaps  
20 is more compelling, particularly at this stage of our economy, than it might  
21 otherwise be. Let me ask, did the trade  
22 representative, Mr. Zoellick, did he say he would be the sheriff

1 on it or not?

2 **MR. CHIZEN:** He along with other members of the  
3 administration was extremely supportive of the  
4 issue, very sensitive to the issue. He's pushing it very  
5 hard in all of the negotiations he's having.

6 **MR. DOBBS:** As one that has covered trade  
7 representatives and trade talks over the course  
8 of -- a long time -- how confident are you that this  
9 trade representative and this administration will get  
10 something done about it?

11 **MR. CHIZEN:** First of all, I believe they will put 100%  
12 effort behind it. Success will take time. Some of  
13 the countries where there are issues it's a cultural  
14 issue. You can't change cultures overnight.

15 **MR. DOBBS:** In almost every culture, and I have been privileged to  
16 cover the world, I have never encountered a culture  
17 where thievery is an important element of that  
18 culture.

19 **MR. CHIZEN:** It's not people in other  
20 countries while they are stealing intellectual property, not just computer  
21 software,  
21 they are stealing music and other intellectual property...

1 They don't believe that they're being thieves. They think it's acceptable.

2       What we need to do, as a global society, is educate citizens  
3 around the world that they are in effect impacting  
4 others and other livelihoods by stealing that  
5 intellectual property.

6       **MR. FULLER:** For governments in other countries, I think it's the end  
7 justifies the means.

8 We have to think about the end game. Like in a  
9 football game. If there is not a referee, there's  
10 lots of fouling going on that doesn't get called.  
11 That's going on in our world. We are competing in a  
12 global market and some countries, a little bit less than 20 years ago, corporate  
13 espionage was the mantra. And stealing from America was OK to do.

14       **MR. DOBBS:** It was actually "primo" is I think would be the expression.  
15 Carol, your thoughts?

16       **MS. BARTZ:** I have two points. While Bruce  
17 talked about the children, it really isn't BSA or  
18 intentions to go after the kids. Most of it is  
19 business to business. Most of it is another business  
20 making a profit, but not wanting us to make a  
21 profit.



- 1 Relative to the international question.
- 2 Good news, bad news. One of the reasons they are
- 3 paying more attention to IP they want to start their
- 4 own software company. It looks like they are taking

1 a protectionism view, which is buy only China-based software, buy only  
2 Korean-based software. That sort of thing.

3 I think we have to be very careful. The  
4 U.S. absolutely still leads in globally that we  
5 understand all these moving pieces. I know USTR is  
6 looking to understand that. This IT issue is  
7 complex. It is about what are they doing with their  
8 own industries.

9 **MR. DOBBS:** It's far more complex. I'm  
10 wondering if you would address this issue. It is  
11 \$13 billion a year. 1 out of 4 products  
12 appropriated.

13 The fact is, as your industry  
14 moves into international markets. You are at the  
15 same time engaging, local engineering, programming,  
16 creating product, as well as selling into markets,  
17 there is also the issue of stealing IP, there is the  
18 appropriation of intellectual capital.

19 That investment, for example, in China  
20 does it surprise you that rather than being willing  
21 to be a consumer market to the world that China

1 wants to be a producing market and is ready to compete  
2 with the world whether appropriated technology,  
3 appropriated intellectual property or stolen.

4 **MS. BARTZ:** It doesn't surprise me. Let's  
5 start with appropriated education. We have been  
6 proud to be the educators of the world. Our  
7 university system really has graduated many of these  
8 early computer sciences and biotech folks.

9 No, it doesn't surprise us. I think what  
10 surprises us is our naïveté about how open those markets might be and  
11 rather we would have a fair playing field once they  
12 do open it. If a company chooses a hard preference  
13 and says only Chinese based software, well then we  
14 get into a situation should U.S. say only U.S. based  
15 software. Pretty soon the global structure breaks  
16 down.

17 It's not a surprise. It's the methodology  
18 of which we do business that I think we are working  
19 so hard to understand, and perhaps effect.

20 **MR. DOBBS:** To what degree do you bear  
21 responsibility for the security of the products,

1 your services, your IP, both domestically and  
2 internationally?

3 **MR. CONNER:** If you look at some of the  
4 surveys we have done with customer bases, not just  
5 ours, second most important attribute of production  
6 and company they want reliability and performance is  
7 one. The security for the product itself is number  
8 2.

9 If you look at the top four emerging  
10 technologies, the dynamics within governments and  
11 things are shifting. Security is foremost. Without  
12 that you can't have privacy.

13 Whether you are a consumer increasingly  
14 now with the legislation privacy is an important  
15 issue for corporations and how they share that. I  
16 think it's hand and hand. You have got to secure  
17 your own product.

18 The technology is out there for people to  
19 use it and they are using it increasingly day in,  
20 day out.

21 It used to be hack for honor. Now hack

1 for harm. All you have got to do is go to the web,  
2 point and click, you can have as dumb or smart  
3 attack as you want.

4 I think it's incumbent upon us to use the  
5 technology we have to protect the edge that we do  
6 have to do it for good.

7 **MR. DOBBS:** Let me turn to you. To the  
8 degree you can answer this. How large an impact on  
9 productivity on the bottom line are the security  
10 threats, these attacks.

11 **MR. SAMENUK:** In August we all learned of the  
12 tremendous amount of attacks that occurred not only  
13 in America but around the world. Airports were shut  
14 down; banks, ATM machines; governments, almost any  
15 industry or government around the world. They had  
16 some impact on the five major attacks that occurred  
17 in the August time frame.

18 Many CEO's got a wake-up call that this  
19 internet technology is basically vulnerable to these  
20 attacks and can impact businesses or governments.  
21 We found that true. It does have a major impact on

1 the bottom line.

2           When you have a whole plant that shuts  
3 down or government office that shuts down, no one is  
4 working. Then you realize the impact.

5           This security business is in a  
6 revolutionary period right now. Not evolution.  
7 It's no longer okay to put out antisoft somewhere,  
8 that reabilities to attacks. You have to be  
9 proactive. You have to block them.

10           That's what going to happen in the  
11 security business. It's happening today. Companies  
12 need to block attacks before they hit the desktop,  
13 the server or any part of their business.

14           That's what the technology is giving to  
15 the customer today, the blocking technology to make  
16 sure their businesses, governments run effectively.

17           **MR. DOBBS:** Do you have anything else on  
18 this?

19           **MR. COVIELLO:** It goes beyond blocking  
20 attacks. It's all about confidence -- businesses,  
21 consumers, actually using the internet. You are not

1 as likely to use it, extend your applications,  
2 whether web enable them or take advantage of web  
3 services.

4 As Bruce was pointing out earlier,  
5 wouldn't it be great if one company's ERP  
6 application was able to talk to another company's  
7 ERP application and create an automated supply  
8 chain. That's how you build efficiency across the  
9 internet.

10 No one is going to do that unless you can  
11 identify which company's ERP system is talking to  
12 another company's ERP system. You need elements of  
13 security, they mention, technology, encryption  
14 technology to be able to create that.

15 Security shouldn't just be something that  
16 stops something from happening. Security needs to  
17 be something that enables all of this great programs  
18 to take place.

19 **MR. DOBBS:** You're talking about the  
20 ability to maintain the integrity of connectivity.  
21 All of the problems, the attacks, unprecedented

1 level of attacks that we saw in August.

2           As a user of the internet, and also a  
3 person who is employed by a company that is at least  
4 in part a technology company, my concerns are a little more prosaic. I get  
5 extraordinarily tired of spam. Being introduced  
6 upon in the privacy of might have e-mail box.

7           I'm concerned about that. The fact is, we  
8 need to deal with that issue. Frankly, gentlemen,  
9 and Carol, you're disappointing the hell out of me.  
10 My own company, I would expect it to be able to  
11 maintain integrity of an e-mail box.

12           What's going on?

13           **MR. CONNER:** Look at the little yellow lock.

14           **MR. DOBBS:** You guys told me the internet was great.

15           **MR. CONNER:** It is. One of the interesting  
16 things, Lou, if you look at it, most people the  
17 little I don't recall lock means you're secure.  
18 Most people don't truly understand it means.

19           We have lived in a face-to-face society.  
20 We are not in a face-to-face so forth anymore on the  
21 internet. A handshake and your pen signature were



1 one thing. Your identity or digital itself and  
2 signature are very different.

3       What has changed is the nature of the  
4 business is now were you really truly digitally  
5 authenticated, we are digitally authorized and can  
6 you audit that digitally.

7       **MR. DOBBS:** So you want a national digital ID.

8       **MR. CONNER:** It doesn't have to be national. You have many digital  
9 credentials in your billfold. Now, some countries do. Spain does. France is  
10 talking about it.

11 They are talking actuality it even here. The issue  
12 is we are dealing in a place where we haven't been  
13 before. We spent 30% of revenues, which also pretty  
14 extensive in this kind of environment around  
15 security innovation. Is it enough. No.

16       The realty is, it's a start in the future  
17 and a journey that's going to innovate and drive new  
18 technology.

19       **MR. GOUPIL:** The answer is no ....technology as well. If you don't  
20 want to get pornographic or fraudulent proposals in the mail, you don't just ask  
the

1 post office to read every single piece of mail. You also have legislation that  
2 makes it criminal to do pornography and fraud over the mail so there is some of  
3 that which I think in the e-world would apply as well.

4 **MR. NOONAN:** All of the comments have been  
5 very, very telling because it is has been an  
6 enormous issue in industry. And when we talk about  
7 security, we are talking about such a broad thing of  
8 spam integrity, trust, privacy, every business was

1 running firewalls and, again, advisor. What  
2 happened in August they all got shut down.

3       So security industry is more ripe for  
4 innovation I think than any other industry. Because  
5 we can not continue to go along, the security  
6 industry is reflective of about a decade of  
7 short-term prag timber. Anytime there's a problem  
8 we act and try to come with a solution to it.

9       Now we created Frankenstein. It's out of  
10 control. We spent 30% of our investment has gone  
11 into security. What is the number 2 issue.  
12 Obviously we haven't solved this problem yet.

13       I think probably the next decade you will  
14 see more innovation consistent with this panel in  
15 the world of security, trust, integrity, systems  
16 that automatically do what you want them to do than  
17 in almost any other area.

18       **MR SAMENUK:** AOL time Warner is one of the  
19 great companies in the world. Of course, AOL is  
20 powered by Macaffe securities. We would love to have  
21 spam killer as part of AOL.

1           **MR. DOBBS:** If you have. One of the great  
2 frustrations is to walk in, each of us think we are  
3 important in our communications. The fact is to go  
4 in and look in your e-mail box. There's spam,  
5 pornography, there is whatever. It's just annoying  
6 as the dickens.

7           **MR. FULLER:** The reality is this is not new.  
8 How much junk mail do we get in our mailbox today.  
9 We have lowered the cost. Right now it cost a  
10 person that is doing a direct mail piece to me 35  
11 cents to 45 cents that the government takes to the  
12 point of view and then also the people that created,  
13 we have lowered the cost through technology that  
14 anyone can do it. How do we change that.

15           Junk mail is still there. Spam is still  
16 there. If mail was free, how much of that will we  
17 be getting in the mailbox today. Security side  
18 there is still mailbox delivered physically. This  
19 is not a new phenomena. It's lowered the cost.

20           **MR. DOBBS:** It's just the sheer bulk of  
21 it. Let's ask our audience. Let's do a market test

1 just what is in your judgment, again, please use  
2 your devices, what is the most annoying or  
3 frustrating thing in your view about the internet.

4 If you would respond to that, we can post  
5 those. Carol was reacting to what Tom was saying in  
6 terms of the being the opportunity. What are your  
7 thoughts?

8 **MS. BARTZ:** I think interesting thing is  
9 each of us got a couple minutes pitched ripe  
10 opportunities. That is the excitement of the  
11 industry.

12 To give you an example one of our products  
13 is actual 20 years old. We are more excited about  
14 the next two releases we have planned. It's that  
15 kind of -- that is what innovation drives.

16 I personally look at security as a tool, a  
17 necessary tool. I trust my colleagues will get on  
18 with it in the security business. I sell to real  
19 engineers and architects. They get to do projects.  
20 I think my folks innovate.

21 That is why we all get up in the morning.

1 We really believe we are solving real problems. I  
2 don't want the killer app. to be security.

3 **MR. DOBBS:** We have the response here to  
4 the polled questions. I'm shocked. Spam.. For the  
5 life of me I can't figure out what number 5 is.  
6 Cost.

7 I completely forgotten that. That's going  
8 to be a soon to be released study on this have issue  
9 by the few research folks, Pew Internet and  
10 American live project. It shows the public like  
11 everybody in this audience has strong opinions about  
12 spam. I join you in those strong opinions.

13 We did some informal polling. If we can  
14 role the videotape.  
15 (video).

16 **MR. DOBBS:** George, let me turn to you.  
17 Spam obviously is a big issue. I know that  
18 everybody is trying to deal with it. The woman  
19 talking about putting a maximum filter. I can't  
20 tell you the number of times our technology people  
21 have tried. What is the answer. You guys are the

1 variant. I turn to you. I want real answers. I  
2 would like them yesterday.

3 **MR. SAMENUK:** Two solutions to the spam  
4 problem. Criminal penalties for illegal spam,  
5 pornographic spam. Spam you are embarrassed to look  
6 at.

7 Number 2 is, have the industry have  
8 legitimate headers. Legitimate subject lines.

9 There's a scam going on now whereas you  
10 are sent something. Told to open this up and expose  
11 your bank accounts and passwords. We have to take  
12 steps. It's a U.S. nation and world nation to stop  
13 spam and stop the illegal spam that is going through  
14 and damaging the reputation of the internet.

15 **MR. CONNER:** I would offer if you think  
16 about it in the face-to-face so forth we have the  
17 credentials. You have got blockbuster cards or  
18 drinking cards. You are don't have too a lot of  
19 credentials to get to a driver's license that says  
20 you probably are who you are passport or birth  
21 certificate that is even stronger.

1           As this internet evolution happens, people  
2 are not going -- you are going to see digital  
3 certificates with various levels of quality in terms  
4 of saying who you are.

5           At some point you will not be taking  
6 non-credentialed stuff or information in your e-mail  
7 or taking it out.

8           **MR. DOBBS:** What do you think about  
9 legislating the end of spam.

10          **MR. CONNER:** One of the interesting concepts  
11 is, if you look at that spam, it's done in bulk.  
12 It's free to send that through an ISP provider. If  
13 you start charging an access fee per e-mail blitz,  
14 there's an economic change to that occasion.

15          There are a range of opportunities that  
16 are innovative and interesting that can drive  
17 different economics to drive behaviors. It's  
18 corporations deciding in the industry that if you  
19 are going to put out a block of junk we're gonna charge you.

20          **MR. DOBBS:** If the ISP's got together  
21 and decided on access fees at the same time there might be some discussion  
22 about collusion they wouldn't look at it as a public service.



1           **MR. CONNER:** It my be a value added for  
2 people like myself and my family we wouldn't want  
3 it. I might pay higher access fees.

4           **MR. FULLER:** I come from California where we have a gigantic state  
5 deficit and maybe Californnia should impose a  
6 10-cent tax per e-mail. They collect the fees. Get the deficit down...10  
7 cents an e-mail.

**OFF CAMERA:** Terminate the SPAM, huh?

8           **MR. COVIELLO:** I think you can see, Lou that we don't have the  
9 answer yet.

10          **MR. DOBBS:** I talk to leading edge CEO's  
11 in this industry. We move to fees and taxes. I'm  
12 ready to change the subject.

13           Let's turn to the issue of people and  
14 innovation and where you are heading. The fact of  
15 the matter is, let's go back to China. Outsourcing  
16 is a big deal. You have talked about it aggregating  
17 technology innovation and people to drive the next wave.

18           But to me the issue becomes why are we  
19 outsourcing so much. Why are leading companies,  
20 industry wide in this company, especially in the  
21 analog business traditional businesses in this

1 country are outsourcing. How big a deal is that in  
2 your view Dominique.

3 **MR. GOUPIL:** It's important to recognize  
4 that it depends on U.S. workers. We employ  
5 200,000 in the United States. We help create  
6 employment for a million more in other industries.  
7 If you look around the table everyone on this panel  
8 expects over the next years we will significantly  
9 grow their U.S. payroll.

10 Some people every job should put in the  
11 us. We do create jobs overseas. To remain  
12 competitive we look at total the workforce which is  
13 cost competitive. It's not just a neighbor issue.  
14 Free trade issue.

15 If you look at recipients of most off shore  
16 outsource, India and China, they are largest growth  
17 markets for the future. We want them to buy our  
18 product, jet liners, or movies, we need to be  
19 willing to back services to provide --

20 So we are a net provider of jobs in the  
21 United States. We export 50% of our revenue outside  
22 the United States. In our company more than half of

1 the paycheck comes from the U.S. To keep this  
2 market open we need to be free trader. That  
3 includes buying services.

4 **MR. DOBBS:** Is it free trade? Is  
5 outsourcing simply an issue that is being politicized  
6 but should not be a matter of concern for your  
7 growth and this industry and others.

8 **MR. BURGESS:** I think it is a big deal. I  
9 remembered. In our jobs we have got to compete  
10 obviously. We have got to keep costs low. Every  
11 quarter every year, you know, that is our job.

12 When you are faced with the very, very  
13 powerful economic differences that are emerging now  
14 in terms of very skilled workers and other  
15 geographies which are available at a 4th or 6th of  
16 the cost here, you need to look add those things.

17 We have seen this movie before obviously  
18 in several industries. Up until now the software  
19 business has not really seen this large scale impact  
20 that we have seen in other industries. It's coming.  
21 Quickly. I come back to the long-term solution.

1 Carol had some stats on the K through 12 where we  
2 rank in performance in math and sciences here in  
3 this country. 9th percentile. That is  
4 unbelievable.

5 The university systems obviously compete  
6 very well. But...

7 **MR. DOBBS:** Actually, the university  
8 systems in this country, the PhD's in mathematics  
9 and natural sciences guess what percentage goes to  
10 U.S. citizens. It's 50%. That's an extraordinary E  
11 reason of participation in the educational system at  
12 critical level.

13 **MS. BARTZ:** The other 50% used to say here.  
14 Now they are going back. They are coming here.  
15 Getting educated. Going back. Starting the  
16 businesses and helping their economic situation.  
17 Not only are we declining, but not getting the  
18 benefit of those that are educated by us.

19 **MR. DOBBS:** Let's turn to the audience on  
20 outsourcing. In terms of outsourcing is the  
21 perceived as economic advantage or a political

1 liability particularly. as we are going into this  
2 presidential election year various candidates  
3 concerning percentage, Gephardt, trade issues are  
4 boiling up rather quickly.

5 To what degree do you see it as economic  
6 advantage or a rising political liability?

7 We give you two choices. That was so I as  
8 moderator, as a television journalist, could deal with it ably. Tell me  
9 your thoughts on outsourcing.

10 **MR. NOONAN:** Lou, I think it's a train that  
11 we better get on and drive or it's going to run over  
12 us. It's that simple. I would bet that all the  
13 CEO's on this panel would absolutely consistently  
14 pick one of those numbers. I won't tell you which  
15 one it is.

16 Number 1 looks pretty investing. The fact  
17 is it's happening. It has been happening. The U.S.  
18 in the technology industry has been outsourcing  
19 jobs. I think the challenge for us is, how do we  
20 accept this phenomena yet build our capability in  
21 our workers to provide more value while the rote

1 day-to-day jobs are moving to lower cost labor  
2 markets.

3       The internet has actually been a big  
4 creature of this. Why? It's all a standard. Once  
5 that standard was understood in India, China and  
6 elsewhere, they could build software. I actually  
7 think it could be a good thing for us if we harness  
8 the power of it, being that they are the global  
9 technology leader.

10       I think if we look at it as a political  
11 liability and make this a political football, we  
12 might miss an opportunity to extend our lead in the  
13 global knowledge race.

14       I think we as CEO's feel very confident in  
15 how we look at this as an economic advantage.

16       **MR. DOBBS:** Let's see how everyone here in  
17 the audience looks as it.

18       I think that's interesting. It's  
19 absolutely unavoidable and obvious economic  
20 advantage. The political liability, as you all as  
21 leaders of your industry are talking about the

1 importance of good people, highly skilled people. And we  
2 are talking about how critical that base is as you  
3 are driving to consumers for your product.

4 **MR. NOONAN:** The important thing to note  
5 here is that the economic advantage is created by  
6 accelerating more jobs here in the U.S. Because we  
7 can do the day-to-day labor offshore and cheaper.

8 So this is not a displacement of jobs in  
9 our mind. This is an enabler of jobs. I think when  
10 we look at textile industry, we said it's all going  
11 to mechanical or auto to Asia. We see our industry  
12 growing while this if a phenomena is happening.

13 **MR. COVIELLO:** It also forces us to remain competitive.  
14 I have great faith in the people of the United  
15 States to respond to these kind of challenges. I  
16 think it will make us that much more competitive  
17 over time if we don't take advantage of it, then we  
18 won't remain as competitive as we might be.

19 As Tom correctly points out, if we can  
20 more productive with the use of foreign workers, it  
21 gives us the opportunity to spend that much more on

1 our R & D and innovate that much more quickly.

2 **MR. DOBBS:** Are you really, are we really  
3 talking about productivity being enhanced by  
4 employing foreign workers or are we talking about  
5 doing what business industry has done for the past  
6 200 years, which is look to the lowest possible wage  
7 as 50% of the element of production.

8 **MR. COVIELLO:** I absolutely think it's based,  
9 driven by the shorter term profit motive. I think  
10 the unintended consequence tends to be more  
11 innovation.

12 This country has lost lots of emergency  
13 jobs. That is unfortunate. But it's forced us to  
14 invest in service industries. We have got the best  
15 healthcare system in the world, healthcare  
16 technology. We have got a verging biotech industry  
17 that's being built.

18 It really is up to us to continue to  
19 educate our people so that they have the kind of  
20 opportunities that are created with the new economy.

21 **MS. BARTZ:** Actually, I said those of us



1 who are first in, like India, we are seeing more  
2 productive. Mastered degreed engineers that will do  
3 call center work. We are seeing people eering to  
4 have these jobs, not, you know, not just showing up.

5 I don't think that will last. But sure,  
6 it's cost cutting. But we are seeing very high  
7 skilled labor over there. Let's not diminish that.

8 **MR. CHIZEN:** However, at the same time Carol, I think  
9 you will agree we still  
10 expect the bulk of the innovation to come from  
11 employees based here in the US.

12 **MS. BARTZ :** Notice I said call centers.

13 **MR. SAMENUK:** Our latest innovation is  
14 blocking technology. It didn't come from Asia,  
15 Europe, it same at a Santa Clara, California. Lots  
16 of talk about outsourcing. The innovation at least  
17 in our business to come from our U.S. businesses.

18 **MR. BENTLEY:** In terms of education there's  
19 nothing more important to make sure it's understood  
20 there's a number 3 on that list, globalization is  
21 the only strategy that succeeds for both our country  
22 and our industry.

1           Rather than thinking of it as outsourcing,  
2 the economy for software will grow and grow  
3 everywhere and jobs will grow to ploy everyone who  
4 is capable. Appetite and need for what's being do  
5 in soft where over time is in fact an exhaustive  
6 one.

7           What can throw a monkey wrench into that,  
8 my biggest fear is protectionism. More than half  
9 our revenues come from outside the United States.  
10 That half is the growing half and has enabled us to  
11 maintain our employment in the United States, to be  
12 ready to resume growth here going forward.

13           All those jobs are at stake if we use  
14 foreign markets. Ultimately, there's a long-term  
15 view of both our employing people around the world  
16 as our companies all are global.

17           Our revenues, majority from outside, but  
18 for our company, we employee 1500 people.  
19 Two-thirds of our payroll is in the United States.  
20 That will continue. All those jobs are at stake if  
21 we can't operate properly.

1           In a march to our software become there  
2   are some jobs that can't be profitably done at U.S.  
3   wages and which it benefits our company to have  
4   done. There's another longer term dimension. Which  
5   is our global world is a safer one and more secure  
6   economically.

7           Our company has a group in Pakistan that  
8   does a punt of projects for us. We might worry  
9   about geopolitical risk in that. The longer view,  
10   that is contributing to a middle-class and knowledge  
11   industry and stability and safety ultimately in  
12   Pakistan where it matters most perhaps to our  
13   country and our security.

14          And the long-term view of it is that it's  
15   essential for the growth of software to have global  
16   markets remain open markets for employment as well  
17   as our own products.

18          **MR. FULLER:** We in the use have been the  
19   straighten of technology. Who led the world in  
20   defense electronics, United States. As that bubble  
21   burts, we moved PC world. What happened. We came

1 out with the PC's out of the. That, again, rose  
2 burst. Software. That rose burst. Internet. That  
3 rose burst. What we are do today. Looking at new  
4 technologies. Where we are going. If anything in  
5 our government, this imagination as we go forward,  
6 we need to encourage innovation in the U.S. That's  
7 our lead. If we tried to protect ourselves of the  
8 past, I can see us trying to go back and saying,  
9 let's go back and rebuild auto plants. Let's be the  
10 leader in steel or automotive. Back way off.

11 Our whole infrastructure is really staying  
12 in the forefront of innovation. I would hate to  
13 take a step back.

14 **MR. COVIELLO:** I do worry about the political  
15 climate from Greg was saying. It wasn't too long  
16 ago when people were saying by 2010 one out of every  
17 four technical jobs internet related jobs would be  
18 unfilled in the United States because we wouldn't  
19 have enough people.

20 I think the issue here is about training  
21 and education and not about exporting jobs.

1           **MR. KRALL:** I would add to that, we know  
2 ultimately protected industries fail and will need  
3 to be propped up. It will become a future liability  
4 or present issue, if we deal with it through  
5 training and education, we move past it what we can  
6 while still solvable problem, asset to us later.

7           **MR. DOBBS:** I think we have got that one  
8 resolved. If we could do so well on spam.

9           Let's turn if we may to the audience and  
10 ask you what do you see, which technologies do you  
11 see as having the greatest impact on our future? If  
12 we could put that question up and ask you which  
13 technologies will have the greatest impact on the  
14 future.

15           Can we get that up? I have thrown them a  
16 loop by asking.

17           **OFF CAMERA:** The job has been outsourced.

18           **MR. DOBBS:** We are talking about voice  
19 recognition. I can recall being 13 years ago  
20 looking at Casper which is apples, great model. And  
21 it absolutely blown away everybody telling me this

1 is going to be on the market very quickly. It's  
2 going to be wonderful. It's going to driver things.

3 I came back and I'm telling people how hip  
4 was that possible. I have seen Casper. In the next  
5 thing I know there is no Casper in the marketplace.  
6 There are a couple of approximations. Nothing like  
7 the promise.

8 How important is voice recognition. Throw  
9 that out to anyone.

10 **MR. CHIZEN:** I think voice will be  
11 appropriate. Vary by application. Simple commands,  
12 voices. The technology is not there yet where voice  
13 could determine all about dilex, accents or anybody  
14 else's accents. We will take aile before voice  
15 began come in anything. It will happen.

16 12 or 13 years ago was a technology  
17 demonstration. We have been seeing signs throughout  
18 the years of products and applications that have  
19 begun to take advantage of voice technology. It  
20 will become an important input mechanism the same  
21 way a mask is an important mechanism. It takes time

1 for technology to adopt it for human behavior to  
2 change.

3 **MS. BARTZ:** The beauty of it is, it's just  
4 about usability. The beauty of whether it's voice  
5 or other kind of censoring, it's about how can we  
6 approach technology and use it in it isn't  
7 applications.

8 We have no idea over the next 10 or 20  
9 years how this is going to change. That's the  
10 excitement of it really. Voice is just a foil for  
11 can I do something a little more, little less arcane and  
12 little any other normal.

13 **MR. CONNER:** I would say it's mixed media.  
14 Go to change 401K plan you have to go through  
15 non-investments. It can taKe you 27 minutes. If it  
16 was on a web you could just click and we done.  
17 There's times and places where you have access or  
18 you don't.

19 You get on some websites, great to just  
20 ask the question. You are seeing that happen. The  
21 visions of the past where it was voice dominated,

1 now data dominated are boring. They are boring for  
2 customer choice and convenience. That's good thing.

3 **MR. FULLER:** Let's look at it in the 60's  
4 and 70's technology was widely recognized and used  
5 very well within our government called military.  
6 Before it rolled out into the consumer world. Don't  
7 assume Casper is not being used every day we use  
8 cell phones. It is recognizing our voices. It is  
9 picking up on things, especially in this world  
10 against terrorism today.

11 **MR. DOBBS:** He knows more than he's  
12 sharing.

13 We have instances in which  
14 voice recollect initiation as you mentioned, for  
15 example, automobiles and the ability to dial your  
16 phone through voice recognition. It's funny to see  
17 the iterations in which you call up your wife, your  
18 son, your daughter, whatever, the first iterations I  
19 can recall saying I would call my wife babe. I  
20 thought that was a rather clever way. I based babe.  
21 The voice recognizing Chance, Jason, anything but



1 what I was trying to call.

2 Now as you implying you actually get who  
3 you want to call. Now at my age I have to be  
4 careful to remember who I want to call.

5 Let's look at the results of the question  
6 to the audience. Which technologies in your opinion  
7 will have the greatest impact on the future. If we  
8 could show those.

9 Grid and distributing computing. Voice  
10 and image recognition. Security technology. Tom  
11 you have a lot of explaining to do. Communicating  
12 sensors.

13 Let's go to the issue. I would like to  
14 ask you this with open source technology on the  
15 issue of security. Open source models over  
16 commercial software. Just what is the future.

17 **MR. COVIELLO:** I think it's one that the  
18 markets are going to sign. If open source software  
19 is better than what can be provided commercially,  
20 then that will see a wide range of adoption.

21 I don't think there's a member of this

1 group that doesn't feel the pressure of the rush to  
2 maintain that kind of competitive advantage over  
3 open source. I think there's a myth that is growing  
4 around open source that insufficient millions of  
5 eyes on this software that it's somehow better.

6 I can guarantor you they are not saying to  
7 themselves, what might be the security flaw in the  
8 software. Whereas every single engineer that works  
9 at RSA is always looking for the possible security  
10 flaw.

11 The same would be true for any  
12 implications. Open source has its place. We don't  
13 think it should be used as a preference by  
14 governments outside the U.S. and within the U.S. as  
15 a tool to beat-up the software vendors.

16 I would put in a plug and distinguish  
17 between open source and open standards. One of the  
18 issues that software companies have had, and one  
19 that we can certainly be chastised for is in not  
20 making our products so it's not operatable. I think  
21 that was a single biggest issues with dot-com crashes.

1 Too many applications that didn't interoperate.

2 I think as an industry we have made  
3 tremendous strides over the last couple of years in  
4 working to create open standards and working to get  
5 our software to be interoperable in our  
6 customer's environments.

7 **MR.CHIZEN:** I think if you look at open source if you take Adobe for  
8 instance, we've had open source competitors to Illustrator, we've had open  
9 source competitors to PhotoShop, we've had open source competitors to  
10 PostScript. Unless a country or government has dictated that one has to buy  
11 open source products, we have competed successfully every single time and  
12 continue to do very well. Because we believe that by charging  
13 money for our software, we can continue to innovate  
14 and people will pay for innovation and will value  
15 innovation.

16 **MR. DOBBS:** That's a wonderful point.  
17 Marketplace continues to demonstrate. If you have  
18 value added the marketplace will embrace you with  
19 that which you like best. That is revenue and  
20 ultimately earnings.

21 As long as we can keep that rule in effect  
22 I think we'll be all right irrespective of the host of other  
23 issues.

- 1 I want to turn to the audience here in
- 2 just a matter of moments and invite your questions
- 3 to the panel. What do you see as the greatest

1 challenge facing -- I'm going to start with you Dominique.

2 **MR. GOUPIL:** One of the greatest challenges we have is a competitive  
3 industry. We do compete. That's one challenge.

4 The other is we do software for small businesses for workers in the  
5 departments of large companies...Among the challenges is to bring the  
6 complexity of the technology and make it simpler for those people. It's not easy  
7 to do but it's basically our mission in life. That's what we stay focused on --  
8 delivering technology in an easier way.

9 **MR. CHIZEN:** A big challenge is trying to balance the  
10 needs of our constituents. Trying to deal with the  
11 concerns of the employees, customers and  
12 shareholders. A CEO doesn't have a lot of room for  
13 error. On average CEO's get to hang around three  
14 years now. Because the shareholders are, in some  
15 cases are right to act but in some cases, too quick to act.

16 I think all of us would like to take a  
17 little more risk. But in this environment, as CEO you are  
18 encouraged to be a little bit more conservative than  
19 you would like to be. We invest heavily in R & D in  
20 the future. We are controlling our purchases  
21 strings on market.

22 Quite frankly, I think that's what holding  
23 back our economy right now. Most CEO's around the

1 country are unwilling to spend ahead of revenue. I  
2 think that's ultimately our biggest short-term  
3 challenge.

4 **MR. NOONAN:** I would certainly agree. Yesterday we were  
5 called lagging indicators on the Hill as CEO's. I  
6 think our greatest challenge today is to innovate, to  
7 take risk, to move forward confidently in an  
8 environment that is increasingly being regulated  
9 from an environment where quite frankly sentiment  
10 frowns upon judgment, innovation, risk taking if your  
11 bet is wrong.

12 You have got an industry that might be  
13 living in fear of its own potential today. Not  
14 because it's not capable of innovating like  
15 Dominique said, it's incapable of taking the risk.  
16 Because the risk award scenario is so out of balance  
17 or the perceived balance.

18 **MS. BARTZ:** I have some sentiment in that direction. My big fear isn't  
19 that much  
20 different than it was in the bubble. We do place  
21 bets on new innovation and new products. We don't  
22 know until it gets to market whether it's going to

1 fly. That hasn't changed.

2 **MR. DOBBS:** So you're no more risk averse today?

3 **MS. BARTZ:** I'm spending more in R & D. In

4 fairness, I'm cutting back in other areas to meet

5 all these constituents. And were it not this

6 climate I would probably plow ahead a little more

7 aggressively.

8 The idea that all of us sit there and say

9 we have visions for the future of our products and

10 our ideas. We put big bucks down on those. And

11 frankly when you talk about people, our engineers

12 want to be behind successful b products.

13 It's the pride. You're putting big bets

14 and hope on what these products are. Are they going

15 to fall good market or are they lousy products.

16 As a software CEO I think that is still

17 number one.

18 **MR. DOBBS:** Let me ask you. How many of

19 you would like to share with us the most exciting

20 thing that is going on right now through your R & D

21 in your laboratories.

1           **MR. SAMENUK:** We have a product called rogue detection software  
2 that is in alpha test that allows headquarters to look at  
3 their entire network anywhere around the world and  
4 tell you where an unauthorized using is coming into  
5 your system.

6           That would prevent many, many outages and  
7 problems that many of our customers are having  
8 today. Hopefully we get it out in the next year.

9           **MR. DOBBS:** Anybody else.

10          **MR. CHIZEN:** We are working hard on to  
11 eliminate the document reshuffling reuse redundancy.  
12 So we have a number of applications in place that  
13 will allow you to singularly move from paper to  
14 digital from digital to systems.

15          **MR. BURGESS:** You asked earlier what is the  
16 big new killer app. It's not very sexy, but my  
17 point of view is that all finalized of use is  
18 probably the biggest killer app. All these things  
19 that have been indented, you look at voice  
20 recognition, state of fairs, everybody is walking  
21 around with cell phones, PDA's, go into hotel room,



1 you try to wire up your computer.

2 A lot of the stuff on the internet just plain doesn't  
3 work. There are huge markets, and we need to make  
4 this stuff as easy to use as a television machine or  
5 as a telephone machine. You cease to think about  
6 using a computer. You start thinking about actually  
7 doing what it is you are trying to do. Make a  
8 reservation or buy something or watch something.

9 We have got a long, long way to go there.  
10 That's 10 years of innovation. That will give us  
11 tremendous access to new markets with sort of  
12 technology we have been talking about for a while.

13 **MR. COVIELLO:** I would like to talk about  
14 radio frequency ID. It was No. 5 on the list of  
15 technologies. It's one of the technologies that was  
16 the newest up there.

17 It's going to basically replace all of the  
18 bar coding that we have become accustomed do. A  
19 picture as opposed to -- doe down an aisle do  
20 inventory just by walking down the aisle.

21 But currency that has this stuff. How

1 much more difficult it would be to bring large  
2 amounts of cash if you are a terrorist organization  
3 or if you are a criminal organization. RSA is  
4 actually working, and has pants pending to protect  
5 privacy. One of the other things that these things  
6 would give off is your position.

7 If you bought a new Benetton sweater in the  
8 store, somebody could actually follow you around.

9 We actually come up with some neat  
10 technology to ensure privacy, but still allow these  
11 technologies to be used in a great way.

12 **MR. KRALL:** If you are lock to the hard at work  
13 building systems that are actually very relevant to  
14 today's show as you was walking in the door I asked  
15 what was being filmed on. They said HD. We all hear  
16 about HD.

17 Somehow starting to get those in your  
18 home. HD displays to watch sporting events  
19 increasingly more and more programming done in he  
20 hadn't and we are actually billing a stipulated that  
21 got the power of 33 Pentium 4 process seniors on pun

1 piece of hardware that will let these producers  
2 make a show HD as easily and quick as TV to be able  
3 knowledge standard definition. So that's the wave  
4 of the future.

5 **MR. FULLER:** There is about 10 trillion lines of software code written  
6 every year by corporations around the world. What we are building is a product  
7 today that gives the ability to look at all that  
8 code and look for mistakes that's being built into  
9 it either purposefully or just rougue-ly. Things  
10 that are wrong with the code so that by the time it  
11 gets embedded into a system the errors, mistakes,  
12 those are caught and fixed. Terrorist-type things that are caught inside the  
13 system are caught as well.

14 **MR. DOBBS:** I'm glad I asked this  
15 question. Carol?

16 **MS. BARTZ:** We talked a lot today about globalization and in fact, our  
17 customers who as I say, if God didn't make it one of our customers  
18 did, so it's all the manufacturing, architecutural rolls and so forth,  
19 so today, an architect in Atlanta is designing a stadium for the  
20 Beijing Olympics. You have a manufacturing plant in Asia and  
21 engineering is in Germany, or someplace in the United States.

1           And frankly, phone, fax and FED X is about the best  
2 they can do to get information around. The democratization of  
3 real supply chain and collaboration, real democratization, not three year projects  
4 like Boeing can do but really  
5 moving data around security no who has it what has  
6 to happen, this is big stuff. It sounds simple. It  
7 just hasn't ever been fixed and in globalization it has to be.

1           **MR. NOONAN:** I would say in our labs the  
2 most exciting thing is what we call the universal  
3 protection agent which is capable of detecting and stopping  
4 any kind of threat, virus, spam whatever.

5           Many of the industry analysts are calling  
6 it the silver bullet. I hope they are wrong. There's  
7 a certain sense of finality if it's that good.  
8 We'll see.

9           **MR. BENTLEY:** The most impact. R & D we are  
10 doing is to allow information to be reused. For  
11 instance when our physical infrastructure is being  
12 designed, roadways and plants and for instance water  
13 treatment plants, construction is done rather as it  
14 has for a long time from construction drawings.

15           But the construction drawings are now derived from 3-D information,  
16 which could be used to be an operating manual for  
17 the plant and to help the bidding processes, the web  
18 services. It's exciting to be working on R&D that  
19 has an impact on the substance of what we do and how we live and not only  
20 administration and back end processes. That animates us in our company.

21           **MR. CONNER:** Look at the most recent past

1 100 days we innovated more new products than in our  
2 company's 10 year history. That  
3 was around securing identities and information,  
4 allowing companies and governments globally to share  
5 securely those identities and information. I think it's that depth  
6 and breadth – and more importantly the transparency and  
7 ease of administration. It's more that innovation than  
8 dollars that I'm most proud of.

9 **MR. GOUPIL:** We are actually a subsidiary of Apple Computer and we  
10 try to take a page from their playbook which is to make technology  
11 easier by integrating it together. So if you look at Apple, they integrate from  
12 the chip to the hardware to the OS, put applications into edit movies, manage  
13 your photos, your music... We try to do the same in the database market which  
14 is make it easier to gather pictures, number, text, manage it, share it and record  
15 in one single package.

16 **MR. DOBBS:** As we have listened to you all  
17 talk about the various issues that you have to  
18 manage and lead on each day, whether the context of  
19 the economy, innovation, people issues,  
20 productivity, R&D, you get to thinking that perhaps  
21 maybe, just maybe you're earning your salaries. It's  
22 a little more complex than perhaps many of us would  
23 like to have to deal with ourselves in your shoes.

1           But having said that, that complexity, the  
2 environment that you are in, regulatory constraints,  
3 what is your biggest management challenge? I know  
4 it's an impossible question to ask. What do you see  
5 as your primary challenge. If you could choose one  
6 as the leader of your organization what would it be.

1           **MR. GOUPIL:** It would be talent management. With  
2 software you have big manufacturing plants, you have  
3 people and you need to have the best people, keep the  
4 best people, attract the best people and also make sure  
5 you don't have people who are not performing.

6           **MR. CONNER:** I'd say alignment. Alignment of the stake holder's  
7 interest, whether it's  
8 employees, customers or regulators. And your shareholders.  
9 And the alignment of that to the market. And talent.

10           **MR. BENTLEY:** Interestingly, ss I think of our priorities in  
11 our company, among things we can use IT better than  
12 we have. We can be virtual companies, legitimate  
13 uses for commercial e-mail and reaching out to our  
14 users and providing information and so forth.

15           And like the rest of the world we need to  
16 be impatient to get those benefits and do it by  
17 adapting our business processes and our business  
18 models. Can't stay the same and take advantage of  
19 technology.

20           **MR. NOONAN:** It is continually developing  
21 leadership talent and giving them enough rope to ply  
22 their trade. People are business. They are 75% of  
23 our payrolls. 100% of our innovative force. So it's all



1 about people and leadership challenge.

2 **MS. BARTZ:** There's a lot of nuisance things out there and it would be  
3 easy to focus on those but I think it's providing the  
4 right strategy and vision. People that know me  
5 would laugh at this. I don't like the word vision  
6 very much. If everybody gets excited about what you are  
7 doing, that means the customers are excited, the employees are excited, the  
8 shareholders are excited. That probably is a win-win win.

9 So it is about that. And frankly what  
10 happened during internet time, there were a lot of people that didn't have a  
11 vision. They had a stupid little idea. With stupid  
12 money behind it. It is our jobs to make sure  
13 companies have a purpose.

14 **MR. DOBBS:** The internet errors wasn't  
15 that from a model came a paradigm, an idea, it became a vision.

16 **MR. SAMENUK:** Hiring motivating, retaining  
17 the right people. All goes down to people. Not  
18 about designing the right thing or buying the right  
19 company or developing the next new technology. You  
20 need people to do this all. That's the key role of  
21 the CEO.

22 **MR. CHIZEN:** It's people. It's intellectual  
23 property. Innovation is not going to happen from  
24 the CEO. Innovation is going to happen from the employees

1 of the company. And our challenge is always to figure out ways of motivating  
2 them and exciting them.

3 **MR. BURGESS:** I think mostly about getting it  
4 right. As a consumer I love great products. I love  
5 my I POD. I POD is just right. It's perfect. Being in the software  
6 business, I think if you get 79% of it right nobody  
7 uses it. If you get 80% of it right, everybody uses it. I think  
8 mostly about getting it right.

9 All the different things that you need to  
10 do to make a great product.

11 **MR. COVIELLO:** I'm with Carol and rob on this one. I  
12 feel privileged to lead RSA in very talented group  
13 of employees. I think it is about the vision thing.  
14 I worked for a mentor earlier in my career, I asked  
15 what the vision of the company was. He said, " Vision... hell.

16 I just try and figure out where things are  
17 going to be the next three or four years out and  
18 intercept the future and get there before everybody  
19 else." That's always been my mantra for strategy.  
20 It's always kept me in good stead.

21 **MR. KRALL:** I think the biggest challenge is  
22 organizing and executing around priorities.

1 Figuring out what those priorities are. Getting the right  
2 people in the right places on the task. Ultimately  
3 staying ahead of the competition.

4       If you think about a sluggish economy,  
5 I'm not sure what it seems like on the other side of  
6 the table. But it might seem like well, maybe that's a easy time. Things are  
7 slow. What people don't realize is, competition intensifies dramatically during  
8 a downturn and trying to navigate through that is  
9 actually the toughest time. Growth is actually  
10 the easier part.

11       **MR. FULLER:** I think these guys are executing well because I love my  
12 auto cad. I absolutely love my  
13 Flash software that I use all the time. My Page  
14 Maker. I bought a new copy last week. I think for  
15 us it's really comes down to execution. Execution is a  
16 culmination of everything we talked about.

17       Keeping, retaining, finding, getting good, great people  
18 to come up with fantastic ideas, having the  
19 right strategy, which is the execution of tactics pointed in  
20 a direction. It's all those things.

21       **MR. DOBBS:** What I find absolutely  
22 fascinating as each on you address the challenge  
23 issue facing managers, as well as looking to the

1 future. Not one of you failed to have a smile on your face, and I think that tells  
2 us something about the future of your industry, your  
3 respective companies, and all that you are  
4 accomplishing.

5 It's a great privilege for me to have been  
6 with you here this morning, and I certainly enjoyed  
7 hearing your thoughts, your views, even your  
8 visions, understanding of the paradigm that are  
9 changing rapidly.

10 We could talk for some time, and as often  
11 perhaps I have overtalked. Delighted to have the  
12 opportunity to listen to all of us. I thank you  
13 ladies and gentlemen for sharing your time with us.  
14 Thank you.

15 (Applause).

16 **MR. HOLLEYMAN:** I would like to thank Lou Dobbs  
17 and also the CEO's for their observations and  
18 thoughts about the future software, what it means  
19 for global economy.

20 We have a number of guests who are here  
21 from the media community, reporters from both U.S.

1 and outside the U.S. who are here. We wanted to  
2 provide a brief opportunity for reporters who may  
3 have questions for members of this panel to have an  
4 opportunity to pose those questions.

5 We have had rich dialog this morning. I  
6 think an interesting one. A lot to think about. We  
7 know that there are reporters who may have very  
8 specific issues about the broad base policy industry  
9 trends that we have discussed this morning.

10 I would like to ask reporters to, who have  
11 questions, to move to the microphones that are at  
12 the front of the room.

13 Please, in posing your question identify  
14 yourself and your publication. And that will help  
15 us understand who you are and respond to those  
16 questions.

17 I would also like to ask that one of the  
18 things that we do not want to do today is to have  
19 company specific questions. Rather we want to have  
20 questions that relate to our industry as a whole.  
21 So if there are any questions, we had a press

1 conference yesterday, press briefing. Very well  
2 attended. A number of significant questions.

3 Let me open the floor and see if we have  
4 any questions.

5 In the interest of time, since we have a  
6 luncheon speaker from the department of homeland  
7 security, I think what I will do is go ahead and  
8 give you a few brief instructions for the next part  
9 of the Global Tech Summit today.

10 The featured speaker, begins promptly at  
11 noon in the Renaissance Hotel, is keynote by the  
12 Secretary of the Department of Homeland Security Tom  
13 Ridge. He'll be joined by Chris Cox, who is the  
14 chairman of the house select committee on homeland  
15 security. We look forward to that dialog and  
16 continuing that. Again, I'm told that Secretary  
17 Ridge is very tight.

18 So we will move over to the Renaissance  
19 Hotel, about a block and a half way. He will begin  
20 his presentation promptly at noon.

21 So on behalf of the SBA and CEO's, we

1 thank you for being here this morning, for being  
2 part of the dialog, and look forward to seeing you  
3 at lunch. Thank you.

4 (Applause)

5

6