



Michael Dell, Marc Benioff, Gary Hamel, Christiane Zu Salm
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DAVID KIRKPATRICK: The panel is, "What's Tech Got to do With It?" The point of that was to again underscore this notion that it's tech in context that we're really trying to understand here. Let me just quickly introduce the panelists. There's this guy, Michael Dell. Some of you might have heard of him. Really happy to have you here, Michael. So, I don't think you need any more introduction.

MICHAEL DELL: Thank you.

DAVID KIRKPATRICK: Gary Hamel, who probably most of you have read his books, and I'm sure you know who he is, but I'll quickly tell you that he's widely considered one of, if not the world's most eminent theoreticians of management and advisors to management. He wrote a couple of great books, a number of great books, including *Competing for the Future* was one that was a fantastic book that was really influential. His most recent book is *The Future of Management*. He has some interesting things to say about that here.

Next to him Marc Benioff, who believes that software is dead, and who is certainly, whatever you might think about that, is the most key figure in one of the fundamental shifts that's happening in technology today, which is the movement of software to a service delivery model. And Marc got there before anybody, and has been the ultimate exponent of that point of view.

And finally, I asked Christiane Zu Salm to join us, someone who I know quite well from actually when she had an Eisenhower fellowship in the U.S. a couple of years ago. She is a long time entrepreneur and media innovator in Europe who ran MTV Europe, MTV Germany, and has had a lot of interesting involvement in online video and interactive video in Europe, and is currently on the management board of the publishers Burda, based in Munich. And because I know she's such a big picture thinker, I thought she'd really add an interesting element to this discussion.

So, "What's Tech Got to do With It?" So, Michael, could I start by asking you if you think -- I mean, this is a softball I know, but I wanted to turn it into something meaningful. Is tech making the world better?

MICHAEL DELL: Of course. I mean, I think if you look at what's going on right now, you've got about 500,000 people a day who've come onto the Internet for the very first time in their lives, and you can only do that once. The vast majority of those are outside of the developed countries. The millions -- think about the online population basically doubling from a billion to 2 billion in a couple of years, and the effects that has on every business, enterprise, education, society, entertainment, and information flows, how quickly information kind of travels around the world.



If you look at the growth in the economy certainly in the last 20 years, it's been heavily driven by the productivity of technology, but we're just at the beginning of that. If you look at businesses, you still see pretty dramatic differences in how different businesses, different societies take advantage of that. There's still a long, long way to go. So, I'm a big long-term bull on the impact, the positive impact technology can have on society.

DAVID KIRKPATRICK: And, you know, you've been very involved in politics over the years. Do you think it's changing politics? Is that a reasonable question? It's this whole idea of empowerment, right? I mean, this is sort of the ultimate theme of this conference, I think, if we were to look at what is the main thing that's happening in technology today. So, the reason I ask it is for the same reasons that tech is changing business,

MICHAEL DELL: I think one clear change is that countries used to live in a fairly isolated, competitive environment even in the societal environment. Well, that's all gone. So, when you think about staying competitive, either individually or as a company or an organization or a country, the dynamics are radically changed, with tremendous numbers of new people engaged in the workforce, and it raises very serious questions for all the societies, but particularly the developed societies. Let's face it, in the United States we have a very small percent of the world's population but we have a disproportionate percent of the world's wealth. So, you could already say, okay, we've won, at least in round one or round two we've won. But the pie is going to get a lot bigger, and we've got to adjust for that and figure out how to win in this new world as there are billions of new consumers, new producers coming onto the stage.

DAVID KIRKPATRICK: Yeah, the more level economy that we now play in. We may get back to that. Good; thank you for tackling it anyway. Gary, so is tech making the world better?

GARY HAMEL: Yeah, I think unarguably so. I mean, like with anything, when we improve our purposes or our kind of technology, we also have to think about the purposes that we're applying that to; and are our purposes getting any better, I'm not sure, but definitely it's made the world a better place.

I think I'd maybe give two examples, and one is kind of a more general point and then more specific to my own kind of field of interest. I mean, what the Net is doing is empowering people to create like we've never seen before in human history. You don't have to go back very many decades, very many centuries, when the ability to create was a luxury, if you couldn't afford the stone, the chisel, the tools, the musical instruments, the tutors, the studios, whatever, and so you think back how much human creativity basically went to the grave unexploited.

You look now, you know, I don't know how much it costs to edit a piece of video when you put it up to YouTube, but you can do it with a \$100 piece of software, how much it takes to upload something to Flickr. But for the first time in human history we are emancipating human imagination, and it's going to change everything.



I think in a lot of organizations you still find kind of a creative apartheid, this sense that there are some people working on product development, R&D, like are really bright, like most people aren't, and I think this technology is going to completely put the lie to that, and we're going to find out really for the first time just how much creativity exists in our world, and it's going to just amaze and surprise all of us.

I think more specifically, you know, is technology improving our world, my kind of own interest has been in the social technology of management, how do we mobilize human beings to get things done. The technology we've been using to do that is about 100 years old. It was invented mostly by people who were born shortly after the American Civil War.

There's maybe just a tiny bit of history helps there. You go back to let's say 1890, the average manufacturing company in the United States had four people in it. Nine out of 10 white males worked for themselves, and the ones that didn't wished they did.

Yet within about 25 years all that had changed, U.S. steel has a billion dollar market cap, Ford is making a half million automobiles a year, and what enabled all that to happen and all this economic progress even enjoyed for the last century was the invention of this kind of technology called management, and variance analysis, paper performance, divisionalization, financial reporting and so on.

Where I see technology making a huge difference over the next few years is it's going to dramatically change the way we manage. Most executives today will admit that it's changed their operating model, logistic supply chain, how you relate with customers. There are great examples like Salesforce where it's turned business models inside out. Dell did that, Salesforce, we see it in publishing and music and so on.

I think we're going to see an even bigger impact when this starts to change the way organizations are structured, who has the power, who's making decisions, who creates strategy, and my prediction would be that whatever that changed we witnessed at the dawn of the 20th century in how we organize human beings, we're going to see something even more dramatic, more exciting in the beginning of this century, and it's going to make a lot of traditionally trained executives and managers enormously uncomfortable.

DAVID KIRKPATRICK: That's interesting.

MICHAEL DELL: I also think it's very hard to predict what those inventions are. I mean, when I reflect back on some of the most interesting things that have occurred in our industry, they're compound inventions where people have taken various different pieces that were kind of elemental ingredients, put them together in some way that only they could have imagined.



DAVID KIRKPATRICK: But also since you've piped up, and not to slight either of you two, but if you look at what you've done since you came in as CEO of Dell, it's really an incredible example of the kind of thing Gary is talking about.

MICHAEL DELL: First time or second time?

DAVID KIRKPATRICK: I mean now, this return to power, so to speak, where you really made a concrete decision, it seems, to bring the body politic more into the process of governance, right, and you've done all this stuff using Marc's software, partly, to get the employees and the customers involved in the decision-making. And that was clearly a conscious process, right, you chose to manage differently?

MICHAEL DELL: Absolutely. We put our big ears on.

Now, we thought of ourselves as a company that listened, and I think largely Dell grew in its early years as a company that listened, but the mechanisms that you could use to listen really went into just massively turbocharged with the Net.

So, we've engaged that. We'll have about 2 billion conversations this year with our customers, and that's an enormous level of interaction, which gives us ideas, gives us feedback, allows us to create new products, new services, literally as customers are thinking of them.

DAVID KIRKPATRICK: As the CEO, do you feel what Gary is saying, that we are entering something fundamentally different from what we had before managerially?

MICHAEL DELL: I think the nature of the tools changes certainly the way workgroups are formed and managed, and certainly for a company of our size a centrally controlled, tops down is not going to be the most responsive way. You've got to have creativity engaged and teams engaged all over the world, and you want them to be able to quickly and responsibly deal with opportunities that they see. So, we're creating new businesses all the time as teams see opportunities, and it's not as centrally planned as it once was.

DAVID KIRKPATRICK: Okay, and, Marc, as the facilitator of that to some degree, particularly at Dell and Starbucks, which is where you're going to into a whole new business of kind of facilitating some of this stuff, aside from what you always did, which is sales force automation kind of stuff, any thoughts you want to add, and also is tech making the world a better place?

MARC BENIOFF: Well, I think that just taking up Michael's comment where he says he's having 2 billion conversations a year with his customers, so he said, I think that kind of coming to integrate that with what Gary said, it's not just Michael talking with his customers through IdeaStorm, but it's the customers talking with each other, and then talking to Michael as a collective. That I think is extremely powerful that they are part not just in kind of a one-to-one but in a one-to-many conversation. That in



itself is kind of unprecedented actually in the history of business, that customers are able to gang up on us.

We have one of these two ideas at Salesforce.com, and our customers basically they come forward, they say, oh, here, what are you doing, Marc? You're building this great new prototype for your system, and we saw this, this is crazy. We rebuilt it, here it is, put this here, do that, and they put like arrows and they draw things. Then some other customer will come along and go, no, that's not exactly right, you forgot this, and the customers iterate, and then finally our product managers, they have a lot less to do. The product managers used to have to kind of like go up to the mountain and come back with the stuff. Now it's like they have to like be able to prioritize and look and interpret what's happening on this site, because in many ways we have a lot less responsibility we can like look to the customer.

Of course, if you go back to business school 20 years ago when I went to business school, they'd say something like listen to the customer or whatever, some ridiculous thing like that, but the customer collaborating and then sharing and then building and then iterating and feeding it back, that's really unusual.

I was just at Starbucks on the way here, and a number of the innovations at Starbucks just in the last six months they're able to do off of myStarbucksidea.com, everything from I got one of these Venti Soy Chais that has like this stick, you put it inside the cup, the white thing on the top of the cup -- I don't know what you call it -- and then it doesn't spill in your car, but then when you take it out, you can like stir. I'm like, God, this is great, how did you come up with this? Oh, some customer came up with it, and another customer said not only do we want a stick but then we want it to stop the thing from spilling.

I think you just work -- CEOs are not supermen. We don't have a thing under here with rip it off. We cannot do it all. But if you can listen to the customer, it's like powerful, and that this technology certainly does that.

I don't know if the world is going to be better because of technology. I'm not willing to get into that philosophical thing. I think that maybe the world is faster because of technology, the acceleration of the soul of the world is definitely happening faster because of technology. I think even really smart people have a hard time even keeping up with it all because of that. I think if you read Zakaria's new book, Post-American World, it's like, whoa, what is happening, and how am I ever going to be able to keep up with this?

So, certainly the Internet is the great accelerator in terms of our evolution in business and society and the flattening of the world and all these other phrases they have, but it's probably going to make our company better because it lets us, as Michael says, put on our big ears and listen. I think that's a Texas thing, the big ears.

MICHAEL DELL: Big hats, big ears.



DAVID KIRKPATRICK: So, Christiane, by the way, thank you. She only agreed to do this, this afternoon, so thank you again for that. Have you got any thoughts just based on what you've heard so far?

CHRISTIANE ZU SALM: Yeah, just one comment on this. I think I wonder whether from a management perspective we might reach a point where it becomes really hard to manage that complexity, because it becomes more and more complex, we have more data than ever, and sometimes we might even lose the sight for what to do with that data; I mean, store it, manage it, and create out of that data new offers to the customer. The speed at which all this change comes is higher than ever. So, I wonder whether also from a management perspective, managing companies with all the resulting changes in organizational structures also, working within networks rather than hierarchies and all that stuff, comes to a point where we might really find it challenging to listen to the customer and listen to the consumer, because somehow the consumer takes over.

I'm coming from Europe, so this might be no surprise why I would like to put technology, the evolution of technology in a larger context. Five hundred years ago, we had Gutenberg, who, by the way, was born in my little hometown in Germany --

DAVID KIRKPATRICK: Really?

CHRISTIANE ZU SALM: Yes, absolutely. And he, as we all know, invented the book printing, and that was the first huge technological breakthrough for mankind, because it allowed for no less, nothing less than a new religion, the Lutheran, Protestant religion. It would never have been possible without book printing. And then a couple of hundred years later, all these inventions like television, et cetera, et cetera.

Now the third big revolution, the digital revolution clearly leads I think maybe more than ever to a change in society. We are looking at all these disruptions in all sorts of industries, and there I agree we are just at the beginning only where we have so many industries, media industry first and foremost, who are having real, real challenges with print, TV, et cetera, et cetera, but all other industries, too.

I think technology will change more our society than it will change our business really. Businesses will always -- will have to be able to adapt, but societies, that is something in the world where everybody can do whatever he or she wants. This is something that will really be the more impactful change I think.

DAVID KIRKPATRICK: I'm glad I asked you to sit in. So, Marc, I wanted to ask you something. You were at the very first Brainstorm in 2001, and you heard Clinton give his talk, which was so interesting, because that conference was about a month before 9/11.

The thing that has always struck me in retrospect about that was how fundamentally optimistic he was, and more or less all of us were relative to how we have been subsequently. If you recall what he said,



which you probably do, I hope, one of the things he said was something very close to, you know, when he laid out all the issues facing the world and he was talking about Robert Wright's book, *Nonzero*, which is really an important book I think, but he was talking about essentially a global spiritual awakening being more or less what was required, given the scope of the problems the world was facing. And I think he was relatively optimistic that it was not absurd to speak about such a thing, even though obviously who know how such a thing would happen. And, of course, Wright's book more or less posits that the Internet is essentially the platform through which such a thing might occur.

The reason I'm longwindedly asking this is, here we are, what, seven years later, right, and we went through a real trough psychically in the meantime, but it strikes me that with Web 2.0 stuff that we're facing now, there is a little bit more willingness among the body politic, among you all, among people outside this room to think in those terms. Does that make sense to you?

MARC BENIOFF: Well, you want me to interpret the thoughts of Bill Clinton. So, I think what he said, if I remember, is that he said a change in the world can only happen if there is a change in consciousness. That in itself is a pretty big idea. I think it was the Dalai Lama who said, you're only going to have world peace through inner peace. I think I'd put that phrase kind of on the same level as that. If you go back to that time in Aspen, and read the book, people were very concerned actually about the world, if you read through the text.

DAVID KIRKPATRICK: True. In fact, terrorism was predicted by that guy from Johns Hopkins.

MARC BENIOFF: Yeah, and even in our own myopic world here, our friend Scott from Intuit got up and said that the fall of Rome was like the future of the United States, and there was quite a bit of prophetic stuff going on there. But I think that what you see is a shift, it's a shift, and the reason that there's such a big shift is the Internet.

So, what we've really seen so far with the Internet is we've seen Web 1.0, which is what you're talking about, which was people kind of publishing initially and then interacting, we saw e-commerce, we saw auctions and so forth. We saw Web 2.0, which was the community, the collaboration. That certainly has been kind of the next level.

And now we're seeing Web 3.0, and I think that this will be the next piece, which is that -- and you're going to hear from Jeff Bezos after this, and Jeff and Eric from Google has this happening, and Mark at Facebook has this happening, but you see platforms emerging on the Internet where people are able to innovate. That actually is extremely new, and this is also a great accelerator because in the developing world, and here in the developed world right here you're going to be able to start companies, build applications, do more right online, and that level of innovation, that if you go through from that you can transact to collaborate, and now where number three you can innovate, you know, innovation will look out. If we really do enable all players, all world players to be able to innovate as if they were right here, that will take our industry certainly and the impact that our industry has in the world to another level.



So, I don't think I'm getting to the point where it's like we should all be doing a meditation program and all of that, and we're all going to go to a higher level in our consciousness, but I think we are going to get to a point where you're just going to see a radical step in terms of what this industry is going to deliver the world is going to be dramatic over the next 10 years.

DAVID KIRKPATRICK: Did you have anything?

GARY HAMEL: You know, I think you can be very optimistic about all this. The reality is in the late 18th century the per capita income divide in the world between the richest and the poorest country was three to one. Today it's about 250 to one. So, we can all hope that one laptop per child works and so on, but there's a huge amount of structural reform that has to happen around the world for people to take advantage of all the technology. I think that remains to be seen how that's going to get done.

The kind of irony of a very tightly connected world is that people who are not connected pay a bigger price than ever before. If you go back 200 years ago, we were all isolated, and what you could accomplish was limited to the people in your village, the resources you could somehow scrounge around yourself. Nowadays you can bring capital and talent and ideas from anywhere in the world.

But the price if you're not connected, and that doesn't mean just technologically, if you're not part of that world in terms of politically, the cultural systems, the value systems and so on, you're still on the outside looking in. I think that's an enormous problem. It's the kind of seed bed out of which a lot of the terrorism emerges. You can be hopeful that technology is going to make a difference there, but there's a lot more stuff that has to happen around that where I think technology -- and sitting in the United States it's hard for us to distinguish between kind of the technology and its impact and the impact of the broader social systems we have and the values and so on that have made all of this work.

So, I'm optimistic but I don't want to underestimate the fact -- or I don't want to be Pollyannaish and start with an assumption that technology is going to even out the world's income disparities in the next 10 or 20 years without fundamental change in societal values, cultural values, political institutions and so on, because I don't think it will.

DAVID KIRKPATRICK: But then again could those changes happen also? That's another question which you don't have to answer, obviously, and I wouldn't dare to. I wanted you all to ask questions and make comments within about two minutes. So, start thinking of what they are. I really want to hear from as many of you as possible.

But before that, Christiane, Michael talked about U.S. competitiveness, right, and you're European, you live in Germany, and you've been an entrepreneur, and you've done a lot of stuff, and you're really savvy on what's happening. Is there a mood in Europe that competitiveness there can increase as innovation rises? Is there an innovative hunger that's new there, or is it still, as most of us Americans kind of stereotypically envision, a kind of relatively un-innovative business environment?



CHRISTIANE ZU SALM: Yeah, well, Germans are known for inventing things, like MP3, for example, has been invented in Germany, but the business out of this has been made somewhere else. That is quite typical for Germany actually, because competitive environment and entrepreneurial environment is not what Germany is really good at, which is sad, something I regret. That is because the German culture is such that we don't really like to take risks. The risk-taking connected to innovation and to entrepreneurial activities is something that is not in the German genes.

DAVID KIRKPATRICK: But now if that doesn't change fast, that's going to become a bigger and bigger problem, don't you think?

CHRISTIANE ZU SALM: Oh, absolutely. I mean, Germany as a market always works because it's the largest European market. I mean, we will always be good enough to be able to compete. And obviously within Europe it's quite different, the societies, the mentality of societies. I mean, the pickup of the latest technological trends, for example, is great in Scandinavia, also the UK is great. Spain, France, Germany, Italy, it's different again.

But my biggest worries for Europe would be not so much the inventiveness, because we have come up with great companies like Skype, et cetera, et cetera, but rather the demographics. Technology and demographics is also something we should look at. I mean, Europe is growing substantially older than the U.S., for example, and Asia.

DAVID KIRKPATRICK: The birth rate.

CHRISTIANE ZU SALM: Yeah, and what does that mean for the pickup of the Internet trends, et cetera, I don't know. My mother, grandparents, she doesn't know what an iPhone is, and so I just wonder how markets will also develop in that context.

GARY HAMEL: Can I rip on that for a second?

DAVID KIRKPATRICK: Yeah, quickly, yeah.

GARY HAMEL: I lived in Europe for 10 years, and I understand a little bit about it, and I think sometimes I think we overestimate these cultural differences, this society is more inventive, this is less inventive, and so on.

I think the thing that most limits innovation in most organizations around the world today is the way they're managed. We all are running with basically the same management. We're all running with management 1.0. Max Weber was the one who described it, and he's celebrated for its stringency of discipline, its reliability, its predictability, all these things that were great when the problem was how do you do things at scale with great efficiency. But you get this new creative economy where most of the wealth is going to be created out of imagination and irregular people with irregular ideas doing irregular things, that whole technology of how we organize and manage is working against us.



The most telling statistic I've seen on this, and it holds up no matter who looks at this data, Towers Perrin did a survey of 80,000 people, 16 countries, all over the world, employees, and it's a very nice survey that looked at how engaged they were emotionally, intellectually in what they were doing. What they found was there's no country where more than 20 percent of the workforce says they're highly engaged in what they're doing. In almost every country the number of positively disengaged is larger than the number that are really engaged, and then you have the kind of "I could give a crap" group in the middle. That is like the great scandal of management is that we've put in all these systems that allow all the reliability, predictability and so on, but basically you have essentially feudal systems that are not beginning to harness -- in fact, I'd say a lot of companies they are better at harnessing their customers' imagination than they are harnessing their own employees' imagination.

But I think that's what needs to change, not in Germany, not in the U.S.; that needs to change around the world, and this technology I think is going to make it possible, because wherever you look at technology from Gutenberg forward, it is not friendly to hierarchy, it is not friendly to kind of artificially arranged power structures that tends to row them and blow them up, and I think it's going to happen here, too.

DAVID KIRKPATRICK: Well, I love that irregular line you had; that was very good. So, who's got something to say?

PARTICIPANT: Okay. So, three quick things. First of all, here we are relying very heavily on this Internet thing, and this heavy reliance places a great deal of dependence on reliability, availability, reachability, security, authenticity, resilience and all this other stuff; this is starting to get a little scary, because the more we depend on it, the more fragile -- its fragility makes things more risky.

I also think though that what's happened is we have in existence proof of what's possible. The Internet has shown it's possible to do a lot of these things. So, we're not going to be able to go back, but we may have to do a lot of work to make this thing continue to function adequately as we depend more and more on it.

Finally on this, Mark, you said something about platforms that are emerging that enable innovation, and I do agree with that, although I don't think that's new. I think the Internet itself has been an innovative platform for a very long time.

But what is different I think is the innovation at scale is something that is new, and maybe we might agree there that the ability to start an innovation and then have it supported very, very rapidly on very, very big scale is new. So, I guess I'd appreciate to hear a little from the panel whether they agree or disagree or have a different view.

MARC BENIOFF: I think that what we see, and I think that your company is certainly a great example of this, is that when we talked about innovation at scale, it took a company like yours to do it, because you got how many kajillion datacenters, how many kajillion servers, on and on and on and on, right,



and it's a huge massive investment. But now some great developer, some mind, one of these irregular people that he's talking about come on and say, well, I'm going to build on this platform as a service from Vince or from Jeff or our force.com platform or whatever it is, and they get all that. But the power of these multitenant platforms is that they delegate back to that developer all that power. You get the power of Google, here you go. So, your security engineers and your reliability engineer and your availability engineers are working for that developer in wherever they are, and that's new, because even though the Internet was a platform, it wasn't a platform, capital-P platform, it was a platform small-p in that you have the database. It's like you processing the logic, processing the database. That developer is not buying a datacenter, they're not buying SQL Server, they're not buying VA, they're not buying Java, they're not buying any of that. They are just using that infrastructure to build, run, deploy their application.

The cool thing is, of course, that they can build anywhere, but also that they can then deploy anywhere as also part of that platform, and that also is new. I think that's the power -- and I think it's a game changer in terms of innovation and in terms of the software industry that I've been in for three decades. I think it's a huge disintermediating force that starts taking apart a lot of these players that have used their power to control and monopolize aspects of it. Those people go nameless at this time. But that now those key, critical, irregular developers are going to break through with some great new ideas, empowered by that.

GARY HAMEL: I think it's new. You know, you go onto SourceForge, the last time I looked a few days ago, you know, 160,000 Open Source projects with 1.6 million participants. It would be an interesting survey, if you went, whatever organization you work in, I don't know, public, private, large, small, but if you went to your management team, and if you had been able to poll -- if we'd polled the top 100 guys in all the Fortune 500 10 years ago, and you'd have asked them whether you could create the fast-evolving piece of software in history using a disparate army of volunteers all around the world with hardly anything in the way of hierarchy, planning, resources, whatever, I don't think there's like one out of 100 who would say like that's obvious, that's going to happen. So, to Michael's or to your point, you know, it's hard to predict kind of where this is going to go from here, but it's going to be more of the same I think, and in terms of that trajectory.

And I wrote an article a long time ago called The Core Competence of the Corporation, but I think today I would say, yes, it's important to have some kind of critical competence that really defines you, but to tie it to Mark's point, I think the more interesting question today is what is your platform advantage? Where are you building something that attracts, that's a magnet for millions of people to contribute, to build, and so on? If you happen to do that -- and with all respect to Microsoft, you know, maybe lost their way somewhere, that was their original strategy.

How do you get that -- the independent software vendors, how do you get them writing on your thing and so on; then kind of the old monopolistic urges kicked in. But I don't care if you're -- you don't have to be in software to ask this question. A toy company like Lego can build a platform that allows people



to come in and create and upload and 3D CAD model what they're doing. Any company has to ask themselves that question today.

MARC BENIOFF: To me what it really indicates, and I don't want to get way out there on it, but if we are moving into this third phase of the Web, from this kind of the transact to the collaboration to the innovation, this very well could become for the next decade an age of innovation in our industry, and we have badly needed an age of innovation, especially in applications.

DAVID KIRKPATRICK: One thing that nobody up here yet picked up on is the part of your question about the concern that we've got all these security and other issues that really we're reliant on this thing so overwhelmingly, which you both have just presumed in everything you just said. If anyone in the audience would like to take that up in response to Vince, I'd love to hear that. Or does somebody want to do that?

PARTICIPANT: The word I heard missing mostly was risk. On the one hand the thing that leads to -- innovation is easy. The Germans are just as inventive as anybody else, but they're very averse to risk. So, if you're a nice young man and you want to meet a nice young woman, you should go work for IBM or Siemens or something. That's I think a much bigger difference in management.

So, here you have a world where we love risk, failure is accepted, it's considered a learning experience, and on the one hand you have all these Internet startups that now need almost no money, so there's very little risk to doing it, and even if you fail, nobody cares, and at the same time you have the Internet, which has been pointed out, is now becoming heavy duty laden with security issues, needs to be always up. Twitter keeps going down, and so you have this tension between the risk-loving startups and the now becoming more risky and more to lose Internet, and I'd love to hear the panel talk about that.

DAVID KIRKPATRICK: I want to hear more audience people talk, if you don't mind, just really quickly. Let's hear a couple -- since so many hands were up.

PARTICIPANT: Technology is no good unless it's connected, but standing right in the middle of that connection are the telcos. To me they're like Luddites; they're keeping us in the dark ages. They've taken all this money they should have invested in the network and kept it, and they're calling these networks their own. Surely this is the biggest risk to innovation is these Luddite telcos that are sitting in the middle. They're connecting -- they're the last -- the last mile used to be a problem, but now it's the golden mile. I'd love to hear your views on net neutrality.

DAVID KIRKPATRICK: You know what, I'm not sure we have time for that. (Laughter) Does anybody have a 15-second comment on that?

MICHAEL DELL: I would just make one point, that what we think of as broadband in this country is an order of magnitude slower than Japan, Korea, and what we need is fiber to the home.



GARY HAMEL: The motion is seconded.

MICHAEL DELL: I've got it; you should have it, too.

DAVID KIRKPATRICK: The Verizon CEO is going to be here, and he's working as hard as anybody to get fiber to the home, but also he would be as culpable as anyone in what some of the comments, too, I'm sure.

PARTICIPANT: So, one of the things that's interesting is that we're living in a world of complex systems. We're living in a world with networks where the amount of connections grow sort of exponentially, almost sort of doesn't probably describe how many connections that can be made.

Working in a world of massive abundance where some things that were scarce are now completely abundant, and in volume strange things begin to happen, and we're living in a world of emergence where patterns begin to emerge.

My question for the audience or the challenge to the panel here is that emerging systems tend to be 85 percent good and 15 percent bad. An example of this would be right now the switch towards biofuels. The more we switch to biofuels does have at least an impact on food and negative consequence of the move toward sort of using food-based resources for energy is our food prices go up. Nobody really expected it. It's basically an emerging outcome. So, right now I think it's very good to talk 85 percent positive, but is anybody thinking about some of the downsides we might have out of this new emerging world that we're living in. I think spam was an example of an emerging badness.

DAVID KIRKPATRICK: I love the audience stuff, so real quick, Gary.

GARY HAMEL: Mark, I think you're right in that one of the things that happens as you accelerate the flow of information and transparency and so on is you get contagions much faster. You think about it, six years ago, the market for credit default swaps was basically zero. Last year, there was \$40 trillion of them. That happened so fast. I mean, nothing has ever taken off in human history as an instrument that fast. It was ahead of the regulators, ahead of the top management and the institutions that are issuing them. So, how do you deal with things that happen at that speed in scale and scale up that quickly? That's a question I don't think we have an answer for.

DAVID KIRKPATRICK: We don't have the answer.

MICHAEL DELL: I think there's a human factor where you -- in this country generally we've been pretty good at mobilizing people into new jobs and new opportunities in new parts of the country where an advancement of technology accelerates that disruption. Four million jobs lost a year, 4.2 million jobs created per year; they're not always the same people going into the job, out of the job. The acceleration of technology just turbo charges that process.



MARC BENIOFF: And related to that, whether it would be security issues, the reliability issues, the issues associated with risk, we also in this industry have a major unannounced call for transparency, transparency at the vendor level, transparency at the user level. We need to be able to have much greater visibility on what's happening in all of these systems. If we are going to be able to --

DAVID KIRKPATRICK: You mean as providers you have to facilitate.

MARC BENIOFF: Providers, whether it's arbitrage or whether it's providers or whether it's the startup, or the platform vendor. We have to all step up and say this is exactly what is -- it's like kind of like Sarbanes-Oxley for the network, because otherwise you lose trust. And at the end of the day, all of these things that we're talking about are dependent on trust. If we're not able to have trust inside the network and with the provider, at the application developer or with the vendor themselves, then it will fall apart, and the only way you're going to end up achieving that trust in the long term to achieve these big ideas that you're talking about is through that level of transparency, and we have a long way to go in that area.

DAVID KIRKPATRICK: It's interesting, what you just -- that is really interesting because in effect you could argue that the industry has reached a point where society is so overwhelmingly reliant on its product and products, and the Internet which it operates, that perhaps the industry as an industry has never really taken this responsibility that goes along with that seriously enough, and that's a fascinating clause.

MARC BENIOFF: This is what everyone has said, and really all the questions from the audience, as well as what everyone has really said here, is that you're going to have an increasing dependence, but if you're going to have this increasing dependence, and technology is more important than ever, and it's the essential part of the economy and globalization and all this blah, blah, blah, it has to be built on a foundation of trust. Trust is only going to come from an ultimate level of transparency in the system.

PARTICIPANT: You've either read the Fortune story on Tesla or you know the story of Tesla, I'm sure, and probably some of you have Teslas or are getting them soon. The question is, where is the platform industry with cars, especially green cars? You keep talking about how you have to have a platform strategy. We all learned that from the Internet and how iPhone now has a platform strategy and it's growing like mad. Why are none of these new car companies pursuing a platform strategy? Why isn't somebody building basically the infrastructure, and then allowing 100 Tesla companies to flourish on a basic platform, rather than proprietary cars?

DAVID KIRKPATRICK: That's an interesting comment; I don't think it has to be a question, if anybody doesn't mind. (Laughter)

MARC BENIOFF: The infrastructure is already there.

MICHAEL DELL: The roads are already there.



MARC BENIOFF: Save that for your last speaker.

PARTICIPANT: Yeah, it seems to me that -- I mean, the question we're talking about is how -- the speed and the complexity and the need to focus on things like trust and the impacts. Is this going to change the kinds of leadership that we have in business? It's not just management structures, but -- because you can't manage everything, you can't use systems people anymore, technologists or specialists. Maybe we can see a new age of the philosopher entrepreneur, the humanist entrepreneur. We shouldn't worry about the fact that we're not putting out a lot of engineers now; maybe we just think we've got more political science people and philosophers and humanists and anthropologists, because that may be a better way to run organizations and run businesses.

MICHAEL DELL: Well, I think this is the connected age. We had the information age, and what we need are people that are good at connecting. If you think about what's going on right now, the people who are coming to the workforce, they grew up clicking on things online, and so they don't think about waiting in line and filling out forms and doing it the old way, and they're not going to go back to the old way. So, I think that's going to be what informs the management in the future. You kind of see it seeping in very, very rapidly into the management inside large companies.

GARY HAMEL: I think the premise is totally right. If you look anywhere on the Web, you will find hierarchies there, any form -- many of these people with more authority, you can look at the authority scores and the blogs, that we have more power, but all those hierarchies are natural, right? They got built because you had something to say, you had some value to add and so on. I think the same thing over time is going to start to happen in organizations.

I would argue that the single reason that companies ultimately fail -- this is a dangerous thing to say sitting between CEOs who are both bigger than me -- but the single reason companies get into trouble is the guys at the top, their mental models depreciate faster than their power and their authority. Still they control, but their view of the industry, of the technology and so on is out of date, and yet you have an organization that's filled with people who actually have a point of view about where the future is coming from. I mean, you look at the courage that Michael had at Dell to open up that conversation, look at IBM where they opened up their strategy conversation to 150,000, and I think the leader is going to be less and less like the architect of the big, strategic decisions and more and more the architect of the internal collaboration platforms, and the internal social structures that get those ideas up and get those ideas out, and that's a big change.

DAVID KIRKPATRICK: The great thing about what Dave said is it's not just the CEO. I mean, he's really saying it's the entire infrastructure of people that has to take a more big picture, which is very Brainstorm, and unfortunately we've really got to stop this second, but I think it's an interesting way to end. I thank you all. I hope you didn't have incredibly great things that you still wanted to say. But I enjoyed it; I hope you all did. So, thank you all. (Applause)

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