Oral History of Pete Musser

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Weber: I'm Marc Weber of the Computer History Museum and I'm here today with Marguerite Hancock and Chris Fralic of the museum interviewing Pete Musser, who is a pioneer of venture capitalism as well as many other things. And it is September 18th, 2019. Thank you so much for doing this.

Musser: My pleasure to interview with you.

Weber: So, let's just start with your full name and where and when you were born.

Musser: Full name is Warren Van Dyke Musser. And I've been lately at the hospital getting checks, etcetera, so I think of my date as 12-15-26.

<laughter>

Musser: Because that's all they ask you!

<laughter>

Weber: So, tell me a little bit about your family and where you grew up.

Musser: I grew up in Harrisburg, Pennsylvania. I had a lovely mother who got divorced from my father when I was two and my brother was four. So, both of us boys lived with my mother. And she had to work to take care of us. So, we had a small family where she went to work every day, and it had to be on her mind what kind of misbehavior were we getting into that day. We were very fortunate to have such a mother, and my brother and I adored her. And she lived to be 88 and ended up moving from Harrisburg down here to Philadelphia and lived at Dunwoody Retirement Home.

So, I went to school in Harrisburg until my senior year. And then I went to Admiral Farragut Academy down in Toms River, New Jersey, because Mother had gotten me a principle appointment to Annapolis, and that was to be a year later. So, the last year of high school she enrolled me at Admiral Farragut Academy, and I had a year of Navy training. And in that process, my eyes deteriorated, or at least, maybe we started measuring them better. But they weren't good enough for me to pass the eye exam at Annapolis, which we didn't know till late in that year. So, I then enlisted in the Navy rather than get drafted.

Weber: Let's go back a bit to your childhood. What were your main interests in school or what did you like to do as a kid?

Musser: Well, my main interests at school didn't concern academics.

Weber: That's fine!

<laughter>

Musser: I enjoyed playing sports, but was never good enough to get a varsity letter. So, I could play somewhat well in all sports, but not very well in any!

<laughter>

Musser: I was always active in sports. I didn't really apply myself that much academically, which became obvious when I then went to Admiral Farragut. They're very serious about measuring you there by the interval-- call it every six weeks. And I was first in my class in my first interval; I stayed first in my class the whole way through. That's because I had nothing else to do but study.

Fralic: Can you talk briefly about what it was like growing up in Harrisburg? Just a little bit about the context, street you grew up on, anything you remember. How was the milk delivered? That sort of stuff.

Musser: Well, Harrisburg is right along the Susquehanna River, as you know. And the streets get measured back from the Susquehanna. And so, I was on a street called Penn Street, which was not a big avenue by any means. It was a fairly small street with row houses. We were in a row house on Penn Street. And the reason that got important was Pennsylvania had a big flood in 1936 and the Susquehanna came over its banks, and we were forced to evacuate at two o'clock at night in a row boat. So, I remember that quite distinctly. Then that water ended up in the basement of our house where we had a coal-fired furnace. So, you can imagine the mixture of water, coal, etcetera, in the basement.

And I remember one thing very clearly: we went out to live on what they call "the hill," because it's near Penn Street, but it rises up and becomes a hill. So, that didn't get flooded. So, we lived back there for a week. And we went to the hospital to get shots and we're standing in line behind a big burly truck driver, and we are plenty scared, my brother and I. And he said, "Kids, don't get scared. It only takes a minute and then it's over."

<laughter>

Musser: And with that, he fainted.

<laughter>

Weber: When he saw the needle?

Musser: Yeah!

<laughter>

Musser: I remember that very vividly. So, we lived on the hill for a week. And Harrisburg had another interesting feature you may know about. One week out of every year in January, they would have what they call the farm show. They had a big arena on the outskirts and they'd bring in all kinds of farm equipment. And it was a terrific show for all the state. We got that week off from school to go to the farm show. Small town. It was about, I'd say, 80,000 people. And enjoyable. I got very active in the "Y" there, went to Camp Shikellamy, it was called. That was the YMCA camp. I went there every year since I was seven and finally became a leader when I was fourteen, and got sent home in disgrace.

Hancock: We need to hear that story.

Weber: Yes.

<laughter>

Musser: Well, my campers didn't like to get quiet at night and I couldn't keep them quiet. So-- <laughs> they finally sent me home for lack of leadership!

<laughter>

Musser: And it cost eight dollars and fifty cents to go to camp. And we didn't have boating, we didn't have horses. It was a fundamental camp, lived in cabins, and it was a nice experience.

Hancock: In addition to that responsibility did you have any early jobs during those growing up years before you went to college?

Musser: Not really. I can remember when the milkman came around the street with his horse-driven cart and we'd get up around five in the morning to catch him when he got into our block and then we could ride with the horse for a half hour or so. We thought that was hot stuff.

Weber: And what sort of values were you raised with? Were politics or religion important in your family?

Musser: Politics certainly wasn't, although my mother worked for the state. And her father actually was secretary of highways. And he was a Democrat. So, if we were anything, I guess we were Democratic, but I wasn't too aware of that. And we were Methodists, but not strongly so.

Weber: And what did you want to be when you grew up?

Musser: Well, I was always interested in aviation, and when I got an appointment to Annapolis it was with the hope that I could be a Navy flier. That's what I really wanted to do, but then was distressed to find my eyes weren't sufficiently strong to be a Navy pilot.

Weber: So, at Annapolis and then afterwards--

Hancock: How did you decide to go to Lehigh for college?

Musser: Well, I went into the Navy, as I said. I enlisted in March of ’43, I guess it was. And I thought, “When these people up here find out that I’ve had a year at Admiral Farragut and that I’m slated for Annapolis, they’re going to make me into some sort of an admiral!”

<laughter>

Musser: So, the first night, we traveled by train and we got up there. I washed my clothes to be nice and clean for my forthcoming adventure. And about four o'clock in the morning, the lights went on in the barracks. The chief petty officer was rolling my clothes around on the floor disgustedly saying, “Who’s this guy Musser?” That’s when I learned you're not supposed to wash your clothes at night and hang them in the locker room.

<laughter>

Musser: So, I stayed on his wrong list the whole time I was there. In fact, a guy who was a milkman, a guy by the name of Cort, he made him the head guy--

<laughter>

Musser: --just to show me I wasn’t important.

<laughter>

Stefanik: This was when you were enlisted?

Musser: Yes.

Sefanik: This was World War II.

Musser: Yes.

Fralic: Where were you?

Musser: Where was I?

Fralic: Where did they send you?

Hancock: Where were you sent?

Musser: Sampson, New York. Now I think it was a six-week stint. And then I wanted to become an electrician’s mate and they sent me to Maryland. That might be Bainbridge, Maryland, where the school was to be an electrician’s mate. So, then I did that. And when I got out of electrician’s mate school-- keep in mind now the Navy is starting to retract, because we’re in the summer now of ’44 and the war in

Europe ended in ’45. So, they were actually starting to take ships out of action and to store them in what they called the mothball--

Weber: Fleet. Right.

Musser: And, so, I was put on a net tender as the electrician’s mate. We would go out every day into the water and park these decommissioned ships, and then at night go back to the dock. So, I was doing all that hazardous work and drawing twenty percent sea pay, because I was on a ship. <laughs> That wasn’t very tough duty.

Weber: And how long were you in the service?

Musser: Let’s see. In the service until summer of ’46. So, I guess close to two years.

Weber: And that’s when you went to Lehigh then?

Musser: Living in Harrisburg and my mother had remarried at that point to a gentleman from Georgia. And he had gotten me an appointment to Georgia Tech--

Weber: Wow.

Musser: --which I know is a good school. But she said, “Well, Pete, couldn’t we do something a little closer to Harrisburg?” I said, “I guess we could, Mom.” So, she and I got in a car and drove down to Bethlehem, Pennsylvania, where Lehigh is. And we had an appointment with the admissions director.

So, we got in his presence and he very sincerely said, “I’m awfully sorry to tell you that we can’t accept you at Lehigh, because the school is filled.” And what he went on to say is during the war, guys would come in there for one year and then go in the service. But, at the end of the war, they all came back. So, the school was filled with people that had been there one year and left! And he really meant he didn’t have room. And, with that, the phone rang. He took the call and he said, “Yes, sir! Yes, sir! In fact, they’re here right now, sir!” I thought, “He’s talking about me!”

<laughter>

Musser: He was quiet for a while and then he said, “Yes, sir! I’m sure we can arrange that.” So, I knew he was talking to somebody pretty important. Well, it was the chairman of Hershey Chocolate, which was a big force at Lehigh, because they’re at Hershey, Pennsylvania, which is not far away. They were powerful with Lehigh. And my stepfather was in the Coca-Cola business and he had gone down to Hershey, was sitting there with the chairman saying, “Would you make a call for my son?”

<laughter>

Hancock: Perfect!

Musser: And, boy, it changed right over ten minutes, you know? This guy was saying, “I’m sure we can arrange that, sir. Yes, sir!” So, he hung up and he said, “I think we’ll be all right. You’ll be now entered in Lehigh.”

<laughter>

Musser: Raw power.

Weber: So, what was it like going to school with all these returning combat veterans?

Musser: Well, that was fascinating, as you can imagine, because people that had been in the service a couple years and gotten married and had children were now sophomores at Lehigh-- very serious-minded. I mean, not as frivolous as it normally would be. And everybody knows education in that period got very serious. And so, I noticed it, too, and I got serious and enjoyed it very much. And then I graduated with a degree as an industrial engineer. Had no idea what I wanted to do, but they were offering some large company applications. They had Bethlehem Steel, which was considered a prime job in those days, because they had just come out of the war where they supplied ten percent of the munitions. So, they were a cream puff job. Bell Tel was another one. Scott Paper was another one.

The lady who was in charge of all this gently persuaded me to take Pennsylvania Bell, and you’d be what is called a “student engineer” and they paid very nicely. For two years you would just move around the company in various departments as an intern. So, you’d get to know what happened in every department, you’d make good money, and you didn’t do any work. And even that got a little boring. So, I met a guy doing that who was a stockbroker. He tried to persuade me that what I should do is get away from the telephone company and go into the brokerage business, which sounded exciting the way he was doing it.

And so, another young man that I met in the brokerage business, named Frank Diamond, he and I were both with Hornblower & Weeks as trainees. I was on the draw, which meant making two hundred and fifty dollars a month, where I had been making four hundred a month at the telephone company. He was on the draw and making a thousand a month, because he was really killing ‘em. So, he was the example of what they wanted young people to be; I was the example of something that wasn’t happening--

<laughter>

--because at the end of a year I was still on the draw.

You were supposed to get on the draw and off it, you know, through success. I didn’t make that transition. But this young man, Frank Diamond, said, “Pete, let’s leave and go in business for ourselves.” And I said, “Frank, I’m not even making a living doing this!” He said, “Well, then you have nothing to lose, do you?” I said, “On that basis, no.” So, we went to meet a lawyer, and the lawyer said, “You’ll need twenty-five thousand dollars to open up a brokerage fund.” I looked at Frank, figuring he has that all taken care of or we wouldn’t be talking. And he didn’t have that all taken care of. I certainly didn’t have it all taken care of, but I did have one customer who was a dentist, doing well, who agreed to lend us, two young sprouts, twenty-five thousand dollars to open up our own brokerage fund, which we called Philadelphia Securities Company. That's a good name.

<laughter>

Weber: To step back a little bit, so you'd gone to Hornblower through the woman you were dating, or through her father.

Musser: How'd you hear that?

<laughter>

Weber: You've talked before.

<laughter>

Weber: So, tell that story. Was her father encouraging you to go off on your own or discouraging or-- because he was a stockbroker, right?

Musser: You're certainly right. She was with the telephone company. I was living in a certain part of town. She was pretty far away-- at least a half hour away. So, I'd go to call on her and she was never ready. And I'd talk to her father. He was always ready. He was one of those guys, loved to talk, and made everything sound good. And he persuaded me that I should become a stockbroker. I said, "Well, how do you do that?" "Oh," he said, "it's easy. You walk into Merrill Lynch, you tell them who you are, you're looking for a job, and you'd like to work for them." I said, "Well, that sounds easy." So, I did that. And they then said, "Thank you very much. It's nice to meet you. We'll call you." And that was the end of that.

So, he said, "You just keep trying until you find somebody that's interested." So, out of the blue, found Hornblower & Weeks. I didn't know who they were or why I should talk to them, but they were hiring young people on that basis. Frank Diamond was already there, so I got in with Hornblower & Weeks. And, funny thing, they were on Walnut Street, down in the 1400 block of Walnut Street, and across the street was the drugstore. Everybody around would go over to the drugstore in the morning for coffee. That was the ritual. So, at one of those ritual coffee meetings I met this lovely young girl who was an airline manager, not a stewardess, but a manager. She was in the office right there on Walnut Street. And that's the lady I married. <laughs> She was a good manager.

<laughter>

Hancock: And how did you convince this dentist-- was it Alfred D'Angelo to-- twenty-five thousand dollars was not a small of sum of money--

Musser: Definitely not!

Hancock: So, how did you convince him to help capitalize your new firm?

Musser: Well, it has to be an example of amiability, right? I obviously had no experience. I didn't even know how to speak business, but I was amiable. So I would talk to him about stocks. I'm not sure he ever bought any, but we would talk. And, out of the blue, he just offered to do it. I couldn't be more astounded. I mean, it's not like I had a long friendship with the man. I didn't. But that's the kind of thing people do if they like you. And he came up with twenty-five thousand and we paid him back in a year!

Frank and I then formed this new company and we got a relationship with Reynolds & Company, which is a big, well-known company, who had just built a new office on Chestnut Street. So, they gave us an office on Chestnut Street. It was about the size of this room. We put in two desks and two phones and that was our office. We used their back office, their library, their trading room. I mean, we were like a part of a brand-new Reynolds & Company. So, it made a marvelous impression. And as far as splitting the commission, we gave them one-third, we kept two-thirds. Well, that's an exact double of what we had before at Hornblower & Weeks. So, in every way, it was better.

Weber: But why did they want to do that?

Musser: To get production, get the orders. They got two new people at no cost. And it worked out very well. It worked out very well. We stayed there I'd say two or three years. And then we visited a friend of mine who was in a penthouse office in the brokerage business and it was gorgeous. I said to him, "Ralph, you ever leave here, you must call me," never figuring I'd hear from him. About six months later, for whatever reason, he called me and said, "I'm leaving this office." So, this was on Lawrence Street in the 1600 block and it was a fifteen-story building. Sun Oil had a lot of offices in that building. But this guy had the penthouse! You'd take a separate elevator up to the penthouse and get off, and there you are with a marble fireplace, top of the building-- it was wonderful. So, we stayed there a while.

And then Frank decided he really wanted to sell blue chip stocks, not speculative younger stocks, which is what we were doing. So, we split up in a friendly fashion and he went with another firm. I stayed there with Philadelphia Securities Company, turned it into Musser Group, hired a couple people. Then we were going to come out in the suburbs and build in the King of Prussia area. And we ran into the people who were doing building and got to know them, and they had bought some land right over here. They said, "We'll build you a building." "Okay." So, they built us a thirty-thousand square-foot building as part of this park. And that was our building!

Before it was all over, we ended up owning this park. Not that we occupied all the buildings. We didn't. But we owned the park. And that building sitting there, Safeguard just vacated that building, I'd say, a year ago. But that was the headquarters. And this is a marvelous place to be. You know, all the traffic patterns around here, you're close to the turnpike, close to the Schuylkill, close to your home. I live in Wayne. So, marvelous setup.

Weber: And then Lancaster--

Musser: Yeah, Lancaster.

Hancock: Can you take us back to-- was it 1953 when you started Lancaster?

Musser: Yeah. See, I was from Harrisburg. I knew about Wellington Fund. I knew the good English words. So, I figured Lancaster conveyed the same thing.

<laughter>

Musser: So, we made that the name of the holding company, Lancaster Corp. We set out to raise money, and we decided we try to sell a hundred thousand shares of stock at three dollars a share. Just picked a number. And what we were going to do? We were going to invest in atomic energy. Far-seeing idea, you know? It was at the beginning of atomic energy.

Hancock: Sure.

Musser: So, we raised three hundred thousand dollars. And the way it worked, if you had a company licensed in Pennsylvania, and you raised all your money in Pennsylvania, you didn't have to go through the SEC.

Hancock, Weber, Fralic: Hm.

Musser: They call it intrastate I think. Intrastate. So, we raised three hundred thousand dollars by selling stock in Pennsylvania. And he and I sold it all. I'll never forget, at one point--

Fralic: Who were you partnered with then?

Musser: Frank Diamond.

Fralic: Frank was involved. Okay. Frank was first. Yep.

Musser: We had met a guy at a dinner for young companies and his name was Bob Cress [ph?]. We never knew him before, but we met him at this dinner. He said, of course, "What do you do?" And I was telling him what we do. He showed great interest. And I said, "Bob, perhaps you'd like to be an investor." That's the way we were then. He said, "Well, sure. Sounds good." Well, he ended up putting in thirty thousand dollars and I thought I'd die. A tenth of the money! He put it in from a casual dinner at the Chamber of Commerce or something like that. And he joined the board and became a good friend. Still is a good friend, living now on the West Coast. But he was the largest investor, because he had put in thirty thousand dollars.

So, we raised a total of three hundred. And that's all what helped us pay back our dentist friend who had lent us thirty. So, we were a good example of boldness. We just didn't know any better. You know, we thought whatever we thought was a good idea, maybe somebody else would, too! And that's sort of the way it worked! And, so, we developed Lancaster Corp and we bought atomic stocks, because they were available. We had to do something with the money, so we bought atomic stocks. And that was profitable. They didn't go down. They went up. But we were looking for other businesses to invest in. And that's how we got into cable.

Hancock: Before we get to cable, could you tell us a story about Safeguard and the Checkwriter?

Musser: That came along a little later.

Hancock: Oh, did it? Oh, okay.

Musser: It came along a little later.

Hancock: All right, help us get the sequence with the cable.

Musser: Yeah. We're functioning now as Lancaster Corp. To get on the Philly Exchange, it only cost us four thousand dollars. But we got on the Philly Exchange and now we were Lancaster Corp. And there was a guy who founded cable in Philadelphia called Milton Shapp -- later became governor for eight years. He was with Philco. And when he went up into the mountainous country, like Scranton, he found out that the cable signal did not vacillate in a "V" up and down. It was a straight-line signal. So, if you were in a valley, the signal went right over the top of you. And that's a shame, because the towns are usually down, not up. So, he got the idea of building a cable system by just putting the cable apparatus up on top of the mountain, running a cable down into the town, and then connecting to individual homes. And that was a cable system. It's not far from that now! <laughs> It's much more intricate.

So, he was in the process of building systems. He had formed a company called Jerrold Electronics. His middle name was Jerrold. And he introduced us to Tupelo, Mississippi, and said he would be our partner. If we would put up a hundred and fifty thousand dollars he'd put some money also, but he would cause the system to be built. And they called it a turnkey.

Weber: So he started in Pennsylvania, but then he was expanding down to Mississippi?

Musser: Yes, sir.

Weber: Okay.

Musser: Yes, sir.

Weber: So, he had been doing it for a while--

Musser: Yes.

Weber: --by that point. Yeah.

Musser: Maybe a couple years.

Stefanik: At that point, Milton Shapp was the biggest cable operator in the country. He had, like, one hundred eighty systems going.

Weber: Okay.

Stefanik: He was expanding it to hilly area down there near Tupelo. And, so, they were a good candidate to receive cable from there.

Weber: Ah, right. He's looking for hilly areas.

Fralic: That was it exactly.

Weber: Yes.

Musser: He owned part of the system. And, at one point, we ran out of money. He didn't make a big fuss about that. He just put up some more of his own. Unusual. A great guy. So, the system got connected. We were selling, I think, fifteen channels $6.50 a month. So, here you have a town that's a dry town. There are no bars. No night life. And no real activity. Now they're getting fifteen channels. So, they all sign up like crazy, $6.50 a month, and we had a thriving little system making a profit.

It's an odd experience going down to a town like that in the Deep South. It is totally southern. No drinking and you aren't even from there. And Frank was Jewish. They don't exactly embrace that either in those days. But we engaged one of their guys as the manager. And he undertook building this system. Of course, Milt Shapp was overseeing that whole process. Thank goodness he was. And, within a year or two, it's making a nice profit. So, meanwhile, we don't have any money left to do anything else, right, out of 300 grand. Because we put it all in that system.

Fralic: So, you put 150 into it, did you say?

Hancock: You put 150 in?

Musser: And we bought some stocks with the other. So, we were fresh out of money. And the guy that we met, and I don't know how we met him, but his name was Dan Aaron. He knew Milt Shapp very well. He was running our system, not living down there but supervising our system. And he and I were walking down the street in Philly after we decided to sell, and that's when we met Ralph Roberts walking up the street. And we didn't know it, but he knew that Ralph was interested in cable. He didn't own any cable, but he was interested in cable. In fact he owned a Muzak system. So, we ended up talking to Ralph.

Hancock: Take us back to that day. Do you remember where you were, what month of the year and where you were standing?

Musser: I remember roughly where I was. I think we were on Chestnut Street right in the 1400 block. We were downtown. And Ralph is a very gracious man, easy to meet. He knew about-- and Julian could fill this part in. They got interested in Dan Aaron. In fact, Ralph made the comment to Dan, I think, “We'll only buy the system if you come with us.” Of course, Dan liked that. Now, he’d be with a bigger company in his hometown with some money. And believe it or not he ended up becoming president of Comcast in about 20 years. Marvelous guy. So that was that. And I think we only sold the system for $600,000, something like that.

Weber: But you had paid how much for it?

Musser: 300, a little less than...

Weber: You had paid your full 300 for the system?

Musser: Before it was all over, probably. It starts out at 150 and then just keeps enlarging, you know, as you want to do new sections. Something like that. It wasn’t a stupendous deal, but it was certainly a nice deal, to be young and innocent and make a profit on your first deal. And I think we used some of that money to buy into Safeguard Checkwriter, which at that time was a public company in Lansdale, Pennsylvania making Checkwriter. And I think we bought 60 percent or something like that. We bought control.

Hancock: For people who will be listening to your story who aren't familiar with what a Checkwriter is, what was the appeal of that device and, also, the company?

Musser: The appeal was, one that it was a young public company and we were young with no money. <laughs> We could only buy certain things because we didn't have that much money. And we liked that it was in Lansdale. What we didn't know about, much, is the new product they had, which turned into the secret of the growth, and that's not the machine itself. That's the portfolio folder that held pieces of paper with carbon on the back, and that became your Checkwriter. You never used the machine. That's a dying art. So, by writing checks with carbon on the back, you got multiple copies. That's why they call it a one-write system, because you wrote once. And that system didn't use a Checkwriter at all. We weren't printers, so we went to another printer and he printed for us. And we found the guys we would call distributors and they would sell just the Safeguard product, and we'd only sell through them.

Weber: Who came up with the idea for the carbon on the checks?

Musser: That was already featured in the industry. We didn't come up with it.

Weber: But you're saying when you first went, they were still making the machine.

Musser: Yes.

Weber: When you first bought it they were still making the machines, but were they already using the carbon themselves?

Musser: No.

Weber: So you brought that in?

Musser: I'm about to tell you that. So that was a printer in Lancaster that we brought the idea to. He liked the idea. He became our source for all of these systems. And we were doing quite well in growth. So now we wanted to become our own printer. We said to him, "George, we like working with you and we'd like to continue working with you. But we want to buy your company and then you come with us and run the company." George Stroh. And he didn't want to do that. He just didn't want to sell his company, for which I don't blame him. So we then had to establish our own printing company. And we ended up with maybe 20 plants, these were relatively small plants, maybe 20, 30 thousand square feet type thing. We ended up with 20 plants around the country doing just that.

Fralic: Pete, when did Buck Bell get involved?

Musser: Buck got involved at the very beginning after we raised the $300,000. I'm sorry. He wasn't involved in Tupelo. Now, we're ready to do Safeguard Checkwriter. That's when we went to him to be the CEO. He was at Scott Paper. He was installing paper presses around the world, and they are monsters, those presses. He was getting a little tired of the traveling. He was traveling the world.

Fralic: And you knew him from Lehigh?

Musser: We were roommates.

Weber: You were talking about the carbon copy checks and the 20 or 30 plants around the country. I think that's about the right point.

Fralic: The other thing I'd love to just hear about is there haven't been many public venture capital firms. How did you end up heading down that path?

Musser: As I said, we started by saying we wanted to raise $300,000 by selling stock at three, and that was a form of an IPO. But the two of us entrepreneurs sold all the shares. Nobody else sold anything. And we didn't have to register with the SEC because it was intrastate. That's the real start. That doesn't mean it had much of a market or anybody paid much attention to it, for quite a while. I'd say at least 10 years. But what got us rolling for future monies was the "rights" idea. And the first rights offering we did was, I think Novell.

Fralic: Can you explain exactly what that meant? What is a "rights offering?"

Musser: It means you're offering something to the shareholders and it's called a “right,” and only shareholders can get that. So, it's an advantage. It’s like a dividend but it's not taxable. So, if we say to you, and as we did with, I think Novell might have been the first, for every two shares of Safeguard you have, you can buy one share of Novell at $2.50. How do you get 2.50? It's an artificial number. It’s low. People like low numbers and they like new things. So, a way to speculate is give them something low and enticing. You hardly ever lose if the company grows at all.

Weber: But how is that different from the kind of options that, say, today are offered to employees?

Musser: Well, that's a good point. In that case, you have to be an employee to get it. Right? Et cetera. Then it's no different. In other words, it's a right to buy future stock at a future price and you give them a certain length of time. But because of taxes, et cetera, it's no longer a mechanism that's used for outside shareholders, still [used] for employees. And we did maybe 10 or 12 of them, and combined it was ferocious how it worked out. It was just ferocious.

Weber: And this is between Safeguard taking off and the IPO?

Musser: Now, when would you think the Safeguard IPO is?

Weber: ’67.

Stefanik: So that would be a Safeguard business. Lancaster Corporation changed their name to Safeguard Industries. And then in ’67 listed on the New York Stock Exchange. What Pete's talking about is in 1985, the first IPO under the rights offering model of Novell. And, in essence, shareholders in-- at that point it was Safeguard Scientifics because they'd already spun off what he was talking about with Buck Bell and the check writing system; they’d spun that off in 1980. And so Safeguard Scientifics was left with the remaining assets of Safeguard Industries, because they'd kind of spun out Safeguard Business Systems. And stockholders, people who own stock in Safeguard Scientifics, ostensibly you say in theory already owned Novell through their ownership of Safeguard stock. So with the rights offering, it gave those stock owners the ability to cash in on what they’re sort of already owning at a set price.

Weber: Because, I mean, I'm talking about the late ’60s…

Musser: Late ’50s?

Weber: Yeah. Because Safeguard went public in ’67. Started selling on the New York Stock Exchange in 1971. So that's what I'm asking-- between when you bought Safeguard and you were expanding it with the carbon copy checks, that led in just a couple of years to the IPO, right? I mean, in that same time period.

Stefanik: So you bought Safeguard in 1955. So, I think the time frame might have seemed a little bit smaller than it actually was. The Safeguard check-writing corporation was purchased in 1955.

Weber: So before Comcast.

Stefanik: Well, they'd already purchased the Tupelo facility in ’54, the year before. Then the next year, they bought the check-writing corporation. And then in 1963, they sold to Ralph Roberts.

Weber: Right. So that's what I was thinking of. So ’63, sell to Ralph Roberts. And then five years later it goes public. So I'm asking about what's happening in that period? Let's start right after selling to Ralph Roberts.

Musser: I’m now a little confused. Are you talking about when we first got in Tupelo with Ralph Roberts?

Weber: No. After you'd sold it to Ralph Roberts.

Musser: After we sold it to Ralph Roberts.

Weber: So just pick up the thread of what you guys are doing after that.

Musser: I got it. I'm sorry. Then we brought Safeguard Checkwriter right in that interval. What date do you have for that?

Stefanik: I have a date that you bought Safeguard Check Writer in 1955.

Musser: ’55.

Stefanik: We can check. I don't know that that’s exactly relevant to this exact thing that we're talking about. I think he was just trying to fill in the 1960s, you know, after you got your $600,000 from selling it to Ralph Roberts. And then you're basically left with something that doesn't have any cable assets, but you have all of the check writing things and the advertising system and Safeguard automotive. And then eventually you list on the New York Stock Exchange.

Musser: Yeah. We did a whole variety of smaller things.

Fralic: Exactly. You were kind of like a conglomerate.

Weber: And that's the period you started to act more and more as a VC. Right?

Musser: Yeah. We didn't really know starting out that new investors would be interested in buying into smaller things without a track record, which is in essence what we did. We kept offering new things to buy at a low price with no track record. And it got to the point where, if it was merely from Safeguard and their prior success with low prices, this would be, too. They just would all go up.

Weber: What sort of people were buying?

Musser: Well, we had a handful of brokers who got experienced in our stuff and made money with it. We had certain firms. Comcast had some favorite companies that followed them, and they would follow us then because of Comcast, that kind of thing. But we didn't have much notoriety because everything had been small. We sold Tupelo to Comcast, it was only $600,000. It was our first success. It took a while for us to be convinced that we knew what we were doing and for anybody else to be convinced. Like the guys in Tupelo, that was mostly Prescott Ball & Turben out of Cleveland. They got so they would buy anything that we would sell because they had good luck doing it. But then we got this formula of rights offering going and we did ICG, Internet Capital Group, with a rights offering.

Fralic: That was a rights offering?

Musser: A hell of a rights offering.

Weber: But that was much later.

Musser: Oh, yeah. So what?

Weber: I mean in the '60s, though…

Musser: '60s?

Weber: Yeah. You were growing enough that you went public in '67.

Musser: I'm not sure what you're referring to in '67.

Stefanik: I think it was just when you first listed on the New York Stock Exchange.

Musser: We were earlier than that, I think.

Weber: '67?

Musser: To list on the New York Stock Exchange. **I** think it might have been '59.

Stefanik: Maybe that was AMEX.

Musser: We did AMEX first. And then New York right behind it. But we didn't raise money out of those actions. We just did it to get a stock with more liquidity and some credibility.

Sefanik: So, it wasn't like an IPO per se. It was just a listing. You just chose an exchange.

Musser: Right.

Weber: So, where were you physically during, say, the mid-’60s? You were still downtown. When did you come out?

Musser: When did we come to the suburbs? I think it might be in the ’70s.

Stefanik: But you would ride the train into the Sun Oil building.

Musser: That was the beginning.

Stefanik: Yeah. But you did that for like 20 years, didn't you?

Fralic: The R5? The R5 train, is that the one you'd be on? Paoli local.

Musser: No. Oh, sometimes, but I tried like hell to find a Paoli train that would not necessarily hit every stop, you know, miss a couple.

Stefanik: You don’t want to miss your stop.

Musser: A great trouble to me was going home. On my way to Paoli, because I was always Bryn Mawr, or Wayne or whatever, I'd fall asleep and end up in Paoli.

Weber: Did you work long hours?

Musser: I don't think so. But I had a lot of dinners. In our game you had a lot of dinners. That's work. But I didn’t necessarily stay in the office long hours. I didn’t know Julian was in the same building.

Fralic: He knew you were in the same building.

Musser: Yeah, he did.

Stefanik: So Julian was in 1616 Walnut?

Musser: Yeah.

Fralic: I think that was the original Comcast Building? It would’ve been.

Musser: No. I don’t think. I think they were down on 15th and Chestnut, in the same building that Drexel Burnham was in.

Fralic: Yeah. The one that burned down, is that the one?

Musser: Oh, that one? That was over near City Hall.

Fralic: Yeah, that one. They were in that one I think at one point, too.

Musser: They lost everything.

Fralic: Yeah. He said that.

Musser: Headquarters. They really did.

Fralic: He told us how he bought his first network computer system in the late ’70s and strung it up one weekend in that building to build spreadsheets to do M&A, the value of an acquisition. It was pretty interesting…

Musser: They used to have three-way arguments, but I don't think Ralph ever argued much. No question when he made up his mind, they went along. But I think he would sit there and let them argue.

Fralic: He said he would make them come to a consensus; whether it took them two days of arguing, they would end up on the same page and that's what they would do together.

Stefanik: We should probably keep rolling.

Weber: So in that period, let's say ’60s into the early ’70s, would you consider yourself a VC in the modern sense or something different?

Musser: Well, the only way we weren't modern is we didn't have a steady flow of money. I mean all these conversations have a low theme of money. They really do. If somebody said, “If you had $10 million we could do so-and-so,” and I’d say, we did a transaction with a Heinz Schimmelbusch—remember, with the piston company-- and that whole thing was built around $10 million and we couldn't come up with it. But we finally figured out a way. What the hell did we do? We did the transaction, but where did we have…

Stefanik: That was in 1978.

Musser: It was.

Stefanik: Yeah. You had a piston making division, right? And didn't you say they approached you because there was a law saying they needed a domestic partner to be making pistons since they were a German company.

Musser: Yeah.

Stefanik: That's right. So they wanted to propose like a green grass venture with you.

Musser: Green grass. They sure did. And guess what building he is in now? And this was a guy strictly German this and that and the other thing. He's in that building right there. Can you believe that? Heinz

Schimmelbusch.

Weber: It's a small world.

Musser: Oh my God. It’s a small world. We ended up selling the piston company, and they had a big one called Karl Schmidt. And they make pistons for Mercedes and all the big boys in Germany. They were going to get a new order from, I think, Buick. But the stipulation was some or all of the pistons had to be made in America. So, they were canvassing the industry to buy somebody. Well, none of the big guys wanted to sell. And we were a small guy, I don't mind telling you. But we were supposed to put in $10 million. They put in 10 and blah, blah, blah. And we didn't have done $10 million to put in. We ended up doing a deal. They got our ownership.

Heinz went on our board. He was a shooting star at Matellgesellschaft in Frankfurt. He ended up in his early forties running the company. But as was typical in Germany, the large banks owned 20 or 30 percent of these companies. And one of the big banks owned a lot of hemp and they changed the chairman. And Heinz was a protege of the guy who left. The guy coming in didn’t think Heinz was so good at all. That put you in tough shape. So, they finally ended up letting it look like they had contrived to sell to a certain company. I forget how it went. But it made it look like they were fussing around with the laws. And over there what they would do with a guy like Heinz is put him in jail and then argue about the details later.

Fralic: That's Germany.

Musser: Is that Germany?

Fralic: That’s how they do it.

Musser: Yeah. He came in my office almost with tears in his eyes. And he had been the star of the show. He was now president of this large storied company. He said, “Pete, I don't know what to do.” He was afraid to go back to Germany. So he bought a house up here in the King of Prussia area. I said, “Well Heinz, I had cards printed up.” And it was Safeguard International, Dr. Heinz Schimmelbusch, chairman and CEO. It cost me 10 bucks. I handed him this box of cards. He’s a brilliant guy. Trust me. He’s a brilliant guy, but he was completely buffaloed that this would happen, that I would do something like that, making it look like an important step, without first talking to him. And here he has this box of cards.

And he said, “Now, what do I do, Pete? What do I do?” I said, “I don't know Heinz. You're the chairman. Your working capital is $500,000. You got the cards. Now, you’ve got to prove what you can do.” Literally, honestly. And then I said, “I'd like to have ten of those cards, just to show around to my friends.” He says, “How about five?” <laughs> Can you beat it? And they went ahead to form a fund, he and two other guys. And I think they raised $500 million in a fund, Safeguard International. And the net effect is he got rid of the two guys. He doesn’t work well with other people. He's too strong. So, he's running this company in that building over there. They’re headquartered in Holland. And he's worth billions. He's that smart. But he had the brains and the experience. Let him alone and he builds.

Weber: And that fund remained associated with Safeguard?

Musser: For a while. And then as soon as they can they get out of it, so we're not associated now. But he ends up using one of our secretaries.

Stefanik: I was going to say, but you came to know the touch point is through the sale of the piston division to the company where he was working, right? And then you guys were able to walk away with some money from the deal, I forget how much.

Musser: Oh, you're right.

Stefanik: And then that kind of, I think, set you up nicely because you were flush going into 1980 looking to invest in a company named Novell Data Systems that came across your desk.

Weber: Yeah. And then the Novell story.

Musser: Yeah. Novell, it’s not a good start. I mean, the two guys that were going together to start Novell had to be fired. Not a good start. In fact, that’s the first one I came away with where I was associated with death. These guys are coming in from Provo, Utah to meet over here at the Holiday Inn, King of Prussia. We were going to have a meeting. And we were all standing around here around eight o'clock in the morning and the one guy didn't show. We couldn't reach him. We went upstairs to find out he had died in his sleep.

Stefanik: Oh my God. This isn't Jack Davis or George Canova, is it?

Musser: They had been fired.

Stefanik: This was after they had been fired. Okay. Okay.

Fralic: In the Holiday Inn in King of Prussia?

Stefanik: Who were you meeting with then?

Musser: I don't know. Somebody that Victor was bringing in.

Stefanik: Okay. Okay. So this was after-- so you decided to invest in Novell and Jack Davis and George Canova. George was a heavy name, I think, from his time at a different company, right?

Musser: Yeah. Yeah.

Fralic: So that impressed you and they were going to make computers, right? Yeah. Okay.

Weber: So talk about your first interactions with Novell or what became Novell.

Musser: Yeah.

Stefanik: Did you think it would help Safeguard Business Systems that you could make something that you could then sell to your customers? So, you didn't have to print checks on paper anymore?

Musser: Well, it did, and as a matter of fact we gave them the first order. We ordered a certain number of machines just for that purpose. The trouble is, the machines didn't work.

Stefanik: So I've heard.

Musser: We had one of them sitting over here for longest time.

Stefanik: If only we knew where it was.

Musser: Yeah. That was a funny period. Everybody was starting, weren't they? Starting things. And Gates was doing what he was doing. He stole that software, as you know. The software he sold to IBM wasn't his.

Weber: Well, no, he paid. He licensed it, a quick and dirty operating system.

Musser: Yeah. Yeah.

Fralic: I didn't know Novell made computers to start.

Weber: Yeah. I didn't know they had start-- was it primarily a computer business at the beginning?

Musser: That's all it was supposed to be.

Weber: Okay.

Musser: We had no ideas about networking

Weber: And what operating system was it meant to run? Or were they going to write their own or…

Stefanik: CP/M.

Weber: Okay. So it was another CP/M machine. And was this your first investment in computing or not?

Musser: No, not really. It might have been in manufacturing. We had CompuCom, the distribution company, which ended up doing over a billion. We were fooling around and we didn't have anything important.

Stefanik: But you had been interested in how computers could be used for the task of organizing information? You'd helped create Autolog [ph?] Data Systems for managing the automotive parts. I think, right, in your automotive.

Musser: He wasn't even around and he knows this.

Weber: He's done his homework.

Musser: Then what did you do?

Stefanik: But that just shows that you were interested in it, right, before Novell.

Musser: Thank you. The guy that got us interested in all that stuff is a guy named Victor Vurpillat. You've talked to him, haven't you, Derek?

Stefanik: I did. I did a phone interview with you and him.

Musser: He's like Mercury the way his mind would work. But he seemed to know a lot of people in Silicon Valley, not well, but he knew them. Ray Noorda didn't like him worth a damn. Ray Noorda didn't like many people. He really didn't. In fact, one time and I was chairman of Novell, I picked up *The Wall Street Journal* and it said something about, "Novell is going to merge with so-and-so." I was chairman. He created…

Fralic: He leaked that story or put it out there.

Musser: Just to stir things up. He was bright, bright.

Fralic: How did you first meet him through…

Musser: Victor?

Fralic: Victor.

Musser: And when Ray would come to headquarters-- which wasn't often, because he doesn't like to taking orders from anybody-- he'd walk around taking fruit off the desks of the secretaries, because he's a Mormon, and a Mormon is supposed to be ready at all times for disaster. <laughs> And if he went out there to have a board meeting, which he never wanted to do, he wouldn't even consent to come into the meeting until about five-of, ten-of. He was not very sociable, but bright.

Weber: And so, the first computer investment there was CompuCom. Tell that story.

Musser: Well, believe it or not, you may remember this. When IBM went into the microcomputer business-- let's see, how did they do it?

Fralic: They only went through dealers. There were two dealers at first. It was ComputerLand and Sears. And then they opened it up to others.

Musser: But you had to get a license…

Fralic: You had to have a medallion…

Musser: Yeah.

Fralic: …to be an authorized IBM dealer.

Musser: Exactly right.

Fralic: And CompuCom was one of the early ones.

Musser: You got it. Exactly right.

Weber: And what was your involvement in CompuCom?

Musser: We owned it. So, it was a wholly owned distribution company.

Weber: And that was in the early days of the PC, so ’81, ’82. And Novell was a little earlier than that then. Right?

Stefanik: So, I think in 1980 you had your first discussions to fund Novell, and you started giving them money. And they were going to make this lineup of computers that looked like this. It was going to be printers and computers, and you guys placed an order for the computers for your Business Systems customers. And then IBM came out in August of 1981 with their PC that worked a little better than yours.

Fralic: But it didn't come networked out of the box.

Stefanik: It didn't come networked. They didn't have networks.

Fralic: I'm curious, when did the concept of networking and Netware happen at Novell?

Musser: Who took that book of mine, do you know? Did Julian take that? Or is it in there?

Stefanik: The book that I'm helping with?

Musser: That one.

Stefanik: Yeah, that one. So as far as I can understand, when you invested, you thought there was going to be a networking component. So the picture that I just showed you of their PC and the printer that they were going to have… They were also-- this previous page talks about how it was going to have a networking component.

Fralic: You told me at a lunch before that there was a moment when the company was not doing well and you didn't have high hopes for them, but then they went to some conference, or the reception changed.

Musser: Comdex.

Weber: It was Comdex. Okay. And all of a sudden, they were the hit of the show. Is that right?

Musser: Yes, sir. And that's why Noorda got really interested. He was never fascinated with the hardware, but he was fascinated with our ability to talk machine to machine. I don't know if I've mentioned it to you or not, but the group that did all of that were three young men from Brigham Young. They formed a consulting group, and they were playing with machines in the warehouse or something like that, and that's when they got onto this machine to machine to machine. They did it. And they ended up not coming with us because they didn't want to, but of course we paid them as just consultants and kept them as consultants. They may still be consultants. They made a fortune. They were terrific. That's mentioned in that writeup of yours. Yeah.

Weber: And then there were the--

Fralic: Sorry. Go ahead.

Weber: Oh, and then the SuperSet Software group, Drew Major, Dale Neibaur--

Musser: That's it.

Weber: --and Kyle Powell.

Musser: That's it.

Weber: For the networking portion of it, right?

Musser: And Bill Gates, when he saw what we had, said, "My guy said you couldn't do that," and that's an actual comment. Then he tried to buy Novell, and we turned him down several times. But he went ahead and copied some of our stuff, and we ended up suing him. And I think we got a billion out of him. <laughs> A billion! But he got a company. A nd when you read what they're doing in Microsoft now, even the guy that left-- what's his name?

Weber: Ballmer?

Musser: Ballmer. Even he is saying nice things about this Indian manager. He must be something, this Indian guy. But they're now hot, Microsoft's now hot.

Fralic: There's another story with another company that was interested in Novell. A couple guys out of Stanford at Google? Is that true?

Musser: Yeah. And the guy that had that conversation for us is Mike Cola, who's in a building right over here. But he was running-- what was it called up here?

Stefanik: Shire Drug.

Musser: Shire. Shire Drug. He got approached-- or I'm not even sure it wasn't the guy who I met up-- he was chairman of Novell ultimately.

Weber: Eric Schmidt?

Musser: Eric Schmidt. These guys coming out of Stanford didn't have a real business plan. They just had good ideas, and they were immensely bright, according to Cola. So, when he was talking to them, he was put off by the fact that they didn't seem to know how to sell it, or how to get revenues. He wasn't convinced that it was a money-making idea. And he says he presented it to our board. I don't recall that. That's not saying he didn't do it, but I don't recall that. But they were willing to give-- was it 20 percent, Derek? 20 percent of--

Stefanik: He's saying 30 percent.

Musser: 30 percent of Google?

Stefanik: Yeah.

Musser: Jeesh.

Stefanik: But that would have been in like September, October of 2000. I think you had a lot of other things on your mind with the market at the time, and two guys out of Stanford might not have seemed… relative to the other things that Safeguard had to deal with--

Musser: Right, right, right. But look what they have done. Jesus Christ.

Weber: But going back to Novell, so then the board ordered you to shut Novell down? That's according to Wikipedia.

Musser: I don't know--

Weber: But the Safeguard board, the Safeguard after Novell started, when they were still doing hardware, that the Safeguard board ordered Musser to shut Novell down, and Musser contacted two Safeguard investors, Barry Rubenstein and Fred Dolan, who raised the necessary funds.

Musser: I don't think it was quite shut down, but honestly, we weren't doing well, and we needed money. And Fred and Barry actually came up with this rights idea. They were both brokers with Prescott, Ball & Turben, and very smart with those stocks.

Stefanik: Which had handled the sale of Safeguard Business Systems, right?

Musser: What’s that?

Weber: The Prescott, Ball & Turben, they had handled Safeguard Business Systems, right? When you first spun that off?

Musser: No.

Stefanik: No. Okay. Maybe not.

Musser: But we did some deals with them and they were very clever, very clever.

Weber: So then Barry and Fred did raise the money, and to continue the business as Novell Data Systems with the networking group. Does that sound right? I mean the big change was to make software that could run on other people’s computers.

Musser: Whew. You're right. You can't imagine how revolutionary that was. In fact, if you could only read that section that he gave away-- because they were in there. And even in our company we didn't realize what we had. It’s those three guys got out in the warehouse and were playing games with it, according to that writeup.

Stefanik: Yeah. So I also interviewed Jack Messman-- so this kind of fits into what you were saying about the company being in trouble. The board of Safeguard, I think, at this point they’d put however many million dollars in, and they were trying to figure out what to do with it. And one of the things that they did to try to figure that out was they sent this new guy, Jack Messman, that Pete had met and who was maybe a vice president at Safeguard, sent him out to take a look and try to figure out, is this worth salvaging or not?

And as Jack told it to me, he went out one night, he was just kind of at their facilities. There's a warehouse out back and he heard some noises, and he just went to investigate, like what is bumping around in the warehouse? And he met the software programmers who were working on the networking project, Drew, Kyle, and the SuperSet kids. He’s like, “Hey, well what are you guys doing back here?” And he noticed that they were playing a computer game on three different computers: one was a Tandy, one was a Commodore, I think maybe a PET, and one was an Apple. At the time no one could do that.

So he was like, “Wait, you're playing a game on three completely different computers. How is that working?” The game was called *Snipes*, and they wrote it partly because when they were exploring whether or not you could network a PC, there were no good games on the PC system yet. The only one was like Donkey or something that Bill Gates had written. So they wrote a game, just to have something to do. And then they realized with the networking thing that actually, a great way to test if the network was working was that you could play *Snipes* across the network. It was like the first multi-player game that of course is the predecessor to *Doom* or *World of Warcraft*, any multi-player game now. That was the underpinning idea behind that.

Weber: Well for PCs, I mean there were multi-player timesharing games.

Stefanik: Fair enough. For the PC, exactly. And anyway, so that caught Jack's attention. When he reported back to my grandfather, he said, "You know, Pete, they've got something pretty interesting that they can do here with this networking."

Musser: That visit kept the company alive. I'll never forget he did that, and he's the one who met Ray Noorda at Comdex.

Fralic: Ray wasn't with the company at that point?

Musser: No.

Fralic: Oh.

Musser: It was that that got Ray excited, because Ray never got excited about hardware. <laughs>

Weber: Right, but Rubenstein and Dolan along with Jack Messen interviewed and hired Raymond Noorda. And then we get to the rights offering. Is that the right period?

Musser: Yeah.

Hancock: Yes. I think so.

Musser: And that leaped off the page, you know, it doubled the first day, blah, blah, blah, blah-- It went on to be worth hundreds of dollars, starting at $2.50.

Weber: So that's the period when you started to act more as a general VC in the modern sense, you would say?

Musser: Mm-hmm. And then we got so every company we would invest in, we would plan on doing a rights offering. Because it was a way for the company to get money. It was a way to have the company be public; the entrepreneur looked good; price always doubled. If we could price it at 10, we'd price it at 5, because we were only selling a certain amount, let's call it a third. So we wanted the other two thirds to look good on the __________ [ph?] too, see. So it was a hell of a scheme because it suited everybody.

Weber: And once you did it why didn't everybody do it, or did they?

Musser: No.

Weber: Why not?

Musser: They really didn't. I think maybe you have to be too ambitious with the securities law-- not illegal, don't get me wrong-- but ambitious. Because every time we did this, and we'd file with the SEC, we'd get an indignant letter back like, "Well waht do you guys think you're pulling? How do you expect to get away with this?" And one time they got on me because I owned 10 percent of the stock. So obviously I'm getting 10 percent of the new deal like everybody else, and they thought, "Ah ha, now we have it. Now we really have it." So they put in a rule, it was like, "You can't sell for six months, you can't--" All the stuff I didn't do anyway. <laughs> They insisted on that as a new rule. And then it just got worse because nobody else did it.

Fralic: But that might have been because you were a publicly held venture capital firm. You were in a position to add a rights offering to a Safeguard share, right?

Musser: Maybe. Maybe, because even Safeguard didn't continue it.

Fralic: But for a while.

Weber: But then you said the law changed so it didn't become--

Musser: What?

Weber: You said later the law changed so it wouldn't make sense, but that's after.

Fralic: At the time, yeah.

Weber: Right.

Musser: It might have been something you had to contest because it hadn't been done before. That was enough for the average corporate council to say, "Not me. You kidding me?" But I was the last one to do a deal over there.

Weber: So how long were you doing those kinds of rights offerings? Starting in the early '80s until--

Musser: Something over 2000.

Weber: Wow. Okay. So, it became kind of your trademark?

Musser: Oh boy.

Hancock: Another trademark I understand is that after you invested in startups, you would invite them to come locate or have a presence on your Safeguard campus. Is that right?

Musser: True.

Hancock: So tell us what--

Musser: That's why we wanted to own this campus.

Hancock: You know, nowadays we might call those incubators or things, but what--

Musser: You do.

Hancock: So this is a very early instance of that. What was your thinking?

Musser: And we actually invested in an incubator in New York. Oh, we were on that scheme early. WeWork, right? That's it?

Hancock: Yeah, exactly. So what was behind that idea, and how many different companies would you have at a time here?

Musser: Well, you saw that one thing you were holding in your hand with all those companies on the back. That's sort of that idea, but that was this campus.

Hancock: And as you gave them space, were there other services that came with them? Was there an exchange of real estate for equity or was it--

Musser: No.

Hancock: -- just that they would co-locate here with you?

Weber: Did you ever talk about Novell relocating here?

Musser: No.

Weber: They were too big by then. Yeah.

Musser: They were always, in my mind, a West Coast adventure.

Stefanik: But you would put some of the funds here, too. Like you talked about Safeguard International, and I know PA Early Stage was here which of course--

Musser: Uh-huh. Yeah, Bob Keith is over at TL. TL Ventures is over there. Yes we did. We had about three or four on the campus.

Stefanik: So you had cross-fertilization of the investing ecosystem as well as just the companies in which you'd invested?

Musser: Right.

Hancock: More broadly, how did the campus that you built fit into the larger ecosystem that was developing here outside of Philadelphia? Silicon Valley had kind of a cluster that was evolving. Was this part of a larger--

Fralic: I think you created--

Hancock: That's what I was--

Fralic: -- the centerpiece of all this, you know, the Philadelphia suburban tech ecosystem, and everybody would come have breakfast with you at the Radnor Hotel every morning, right?

Hancock: At the Radnor Hotel, right? So I want to hear about that, creating this whole 202 corridor, and how did that evolve?

Musser: Well, there's no question we have stimulated a lot of ideas, right? When I think of NewSpring over here, which is now managing, what, two to three billion? That was Mike DiPiano. We had here what we call an orphanage, and it was anything that was an empty office for the desk, that's part of the orphanage. And we'd bring in a guy-- as we did with Mike DiPiano, who's a very experienced operator, but for us he was entering the orphanage. He's written up by Derek in that book wherever it is. He said, "My first day, they gave me a computer to use, and there was a golden retriever wandering around--"

Stefanik: It was a unique office environment.

Weber: Well, that's become fashionable in Silicon Valley--

Musser: Is it?

Weber: To have dogs in offices.

Musser: Yeah. And he said, "They're always ringing bells." Well, we got in the habit-- we at one point might have eight public companies, and if one of them hit a new high that day, we got excited about that. So we'd coax the secretaries to walk around ringing a bell wherever they went.

Hancock: Did you?

Musser: Is that a beauty?

Hancock: It’s a beauty.

Weber: Pretend it’s an IPO.

Hancock: It’s an IPO, a new high. [rings bell]

Musser: And then it got so--

Fralic: Novell hit how much a share!

Musser: Some girls got nervous and didn't want to do it. Some girls loved it and wanted to do it all the time. <laughs> We've always tried to have a lot of fun.

Stefanik: And that is *the* bell?

Musser: Oh, that’s one of them.

Stefanik: One. <laughs> Okay.

Fralic: You probably broke them because there's so many ringing.

Musser: I think we have two or three of them.

Stefanik: 1999 we broke the bells. <laughs>

Musser: But Walter Buckley, the guy that ran Internet Capital and made it worth $50 billion? $50 billion. He loved that kind of stuff, you know, he just loved that kind of a sign. And he’s still running Internet Capital. I don't know whether he does it or not, but it was just a way to jazz things up.

Hancock: So should we turn to Internet Capital? Is it a good time to--

Weber: Did you want to cover the breakfast, the famous--

Hancock: Oh yes, you--

Fralic: Yeah, tell us about the Radnor Hotel and the breakfasts.

Hancock: We heard that everybody would come to see you at the Radner Hotel for breakfast. How did that work?

Weber: Kiss the ring.

Musser: Well, I'd make all my meetings at 7:30 in the morning at Radnor. Why? It's near my house; it's near my office; breakfast is breakfast wherever you go. <laughs> So it was just convenient. Then we had people waiting in line to make presentations and I couldn't see them all in the office, but they knew I'd be sitting in there. Of course I didn't see many of them there, but they'd give me their names. It's not as big as it's made out to seem. But I remember one guy from downtown, he was with Morgan, Lewis & Bockius [ph?], the biggest law firm. You know the name Steve Goodman?

Fralic: Yeah, oh, famous.

Musser: He has the famous name. And I'd make a breakfast meeting with Steve out at Radnor at 7:30. At 8:30, he'd have another one, and at 9:15 he'd have another one. He'd come out to see me and have five meetings. So it was his day in the country. And he was terrific. I still go to Radnor, but boy have they raised the price. For everybody they charge $20 for the buffet table. We never paid $20 for the buffet table. But they still have location. It is very convenient to go to Radnor, and you're right on the highway system. It's just convenient. But we never spent a dollar on advertising, frankly. It was all meetings, being somewhere. Mike Hagan-- you know that story at all? You do.

Fralic: I know Mike, but I don't know the original story of—well, I know the origins of Verticalnet, but I'm not sure how you originally connected with him.

Musser: Well actually his father is a lawyer-- well, I don't know if he's alive now or not-- was a lawyer with Nichols and Co. [ph?] which is Brandywine REIT He worked for them, and so he knew Safeguard, the father. We didn't know Mike, but Mike had heard of us, of course. And he even knew so many common names, you know, the Walter Buckley's, the people like that. They all know each other, and if you get to know one, you get to know them all. So Hagan wanted to raise nine million dollars to buy 60 percent of Nutrisystems. Nutri had been a successful diet company started by Katz, the guy that owned the 76'ers. And then another guy was in there and running it and didn't do well, and I think they went into bankruptcy. They did. They had distributors, and some accounting firm showed it to Mike. He had a meeting in here with me to raise nine million dollars, and that's when Mike DiPiano, Derek, came to the meeting, and he put in three million out of the nine. That took real guts because he was brand new with a venture firm, and that was his first real investment, three million.

So we had the meeting in here, and he was starting to get nervous. Somebody probably said, "Isn't that an awful lot to put in a new company?" or something. That's what somebody would say, of course, and after a while it starts to seem like an awful lot. So he was getting nervous sitting in here, and I said to him, "Mike, look at it like it's a small stock," which it was. "Small stocks go up and down, but if you buy them at a cheap price, 60 cents, it doesn't have to do very much to be $2." I mean you can do that on a whim, right. Well, anyway, that calmed him down and he stayed in with three million at 60 cents. I think later that year it might have been $3. Within three years it was $70. $70! And that's the one where Hagan is on the cover of the magazine that's the--

Fralic: CEO of the year. Yeah.

Musser: Yeah. What a hell of a deal.

Hancock: What a ride.

Musser: Hell of a deal.

Hancock: Did you already cover ICG in your ride there? Chris, what other things do you want to do while you're here?

Fralic: I have to be winding down, so I think--

Hancock: So, do you want to ask a question? Was there anything else on your list?

Fralic: I guess one question I've got is, we were all around the boom and the bust. Just any thoughts on how people got through that, or how it changed the psychology of the area or people that were involved in it?

Musser: Tightened things up. <laughs> Tightened things up. Well, the guys like Mike DiPiano, Mike Hagan, and those guys, Bob Buckley, are only stronger and more admired for what they did. Buckley particularly. I mean, he went into that with Merrill Lynch having just put in $500 million, and a small company fund doesn't come out of that. But they caught on to something, I don't know that anybody else didn't catch on, how you could use one public stock of a company to buy maybe another public stock of the same company and do exchanges. And they got so they were exchanging cheap shares of stock for the bonds, because they had hundreds of millions of bonds out there which they couldn't redeem. But net effect is they redeemed them all, the company stayed alive. They then distributed all the assets last year successfully, and now he's forming another company. Boy, you wouldn't have said that after what they had just done with Merrill Lynch. But people are always wanting to speculate, you know that, and they like low priced stocks. I think it's getting harder to know what to buy because of how much the funds are doing.

Stefanik: You mean because of the size of the funds these days?

Musser: Yeah.

Stefanik: Like how do you even find something to allocate all that money to?

Musser: Yeah.

Hancock: Well, let's talk about Internet Capital Group now, ICG, and we want to hear from your point of view the rocket ship up.

Musser: It's so hard to believe. I mean, it is so hard to believe. Because I remember when I first heard about it, Buckley said, "I want to have breakfast with you, Pete." We went to the Radnor and we had breakfast. He said, “Ken and I--" and Ken of course was a young guy with us whose father was a director of ours. “Ken and I have been thinking a lot about the Internet game, and we want to form a fund.” And I’m just looking at him, I said, “Well I can believe that, Buck. Anybody gets around Safeguard wants to form a fund.” <laughs> “What’s new about that?” He said, “And the bad thing about that is we’d have to leave Safeguard to do that,” which of course he thought would give us angst. And he said, “But we’d like you to stay involved and maybe put five million in for Safeguard.” So we had continued on beyond that. I said, “Well, Buck, I don't want to put in five, but I’ll put in 15. And then of the 15, some would be cash and some would be stock in a small company.” I’m thinking I’m getting rid of a lemon <laughs> by pushing it over here, and of course nobody knew whether it was good or bad.

A year later out of our whole portfolio and his whole portfolio, that stock was the only one making a profit - the one I pushed off onto him. <laughs> Oh, he loved it. But I frankly never dreamed it would burst the way that… I mean, it hit a nerve. Everybody wanted to know about the Internet, didn't know about the Internet, were willing to try anything to know about the Internet. I can remember we were sitting in this restaurant over there-- what is it? The Three Threes or something like that, Derek, over near the tennis courts over that way?

Stefanik: I’m not sure.

Musser: A small restaurant. And the phone rang, Buckley picked it up. It was a guy introduced himself as the chairman of the board of Dupont. <laughs> Oh, okay. We didn't know if anybody’s pulling our chain or what they're doing there. The guy said, “And I’d like to meet you.” He’s talking to Buckley. Buckley said, “Good, because I’d like to meet you too,” and the guy said, “When could we get together for dinner?” And Buckley says, “How about tonight?” Can you believe this? “How about tonight?” “Where?” Now this guy’s chairman of the board of Dupont down in Wilmington. Buckley’s up here. They've never met. Buckley’s looking around the room and he sees this restaurant sign that says blah, blah, blah. “The Three Threes in Philadelphia,” or whatever, and the guy said, “I’ll be there at 7:00.” And out of that they had dinner. <laughs> That’s the kind of stuff that was happening.

I think they made an investment. Most big companies were putting in $ million, just putting it in, because it made them feel better to be involved. And this went on for like two years, and the trick was every Monday or every Tuesday, something like that, they’d have a half-hour conference call, the two companies, to talk about the Internet. That satisfied Dupont for the interval. And he had people all over the place doing that.

And of course the Internet then caught fire. It was the very beginning of Internet. But then when it collapsed, he had just gotten Merrill Lynch, they had done the rights offering with him, and of course they-- how’d they do it? I think they had announced it on a Monday, and I think you had until Wednesday to get your money in, and you hadn't even received an invoice yet. The Merrill Lynch deal was totally different than any other way to do a rights offering because they're so much bigger. And we would all take bets on what percent of the rights would get spoken for, you know, what percent of the deal would be taken down. If you said 50 percent you sounded like you were wildly optimistic, because they had hundreds of thousands of shareholders. 70-some percent in two days! See it wasn't fussing around, you had to have money in.

Stefanik: This would have been in December of 1999--

Musser: Was it?

Fralic: Okay.

Weber: In what year did you start ICG roughly?

Musser: What year what?

Hancock: It went public in August of 1999. Is that right? ICG?

Weber: But it started before that.

Musser: Yeah, that their first public holding.

Weber: But it was around for a few years before then.

Musser: Because we couldn't give rights to the Safeguard shareholders. There's no way to do that. So what they did was allocate shares for favored institutions. They treated the Safeguard shareholders as a favored institution. They took a certain percent of stock and allocated it just for the Safeguard shareholders. Nobody else had ever done that, and that's the way they had to do it. It was very successful.

Hancock: So, this Internet thing, as you said, it was a new concept, something that was catching by wildfire… Julian said that you were the one who helped bring that idea to them. What were you thinking about the internet at that time?

Musser: What I was thinking about was a new idea that was going to be a large part of our economic scene, and here was a way to get cheap stock quickly into the hands of the small shareholder. Because the other way to treat a deal like that is take 10 to 20 percent and allocate it for favored customers. That's the way they would usually do it.

Hancock: And during that time, you started making other stock purchases, is that right? Sanchez and eMerge and others as part of this-- do you want to talk about that?

Musser: Well they were earlier. I believe they were earlier. Sanchez is interesting in that I'm now living on his estate in the gatehouse. But he and his brother built this company, sold it to Fidelity National out of Jacksonville, I believe, that's a leader in software for banks. They sold for around three or four hundred million, and each guy then went with the company. So Mike went with the company and then left, Frank went with the company and stayed for a total of five years. And he's made a lot of money out of that, because the stocks continued to grow, and they got optioned. Now Frank has some idea that I don't know frankly how it works, but it's again software for banks, and Mike is joining him, and everybody wants to put money into their darn thing. Those guys are pretty ingenious.

Weber: Do you think the Novell experience made you more open to networking or see it as valuable when the Internet came along, or no particular connection?

Musser: Well, Novell opened our eyes to a lot of things. <laughs> You know what I mean? Networking as an industry started with Novell, and I can remember taking Noorda up to Boston to meet with Ken what's his name of DEC--

Weber: Olsen. [ph?]

Musser: In DEC. Olsen. And I thought those two guys would be fascinated with each other. They weren't. I mean it's just, they're older guys. Something about the size of the machine, etc., governs the way they look at things. So Olsen was into the, what do you call it?

Weber: Minis. Yeah.

Musser: Medium banking, whatever it was. But—

Weber: Well, minicomputers for--

Musser: Mini, yeah, right. He couldn't see what Noorda was doing for all the tea in China. Didn't think it was worth a damn. He just, you know, when you start with something as small as say a microcomputer, etc., it's hard for a bigger box guy to think that's worth anything.

Weber: And that's what I wonder. I mean you had already made a lot of money from networking by the time the Internet came along. Did you see them as related, like, "Here is another development in networking?"

Musser: Yeah. No, they're exploitation and everything keeps getting smaller, and just look at it now. Jeesh.

Weber: And then the 1987 crash, that was not a big deal for you, right? That was right before the Internet era.

Musser: Right.

Weber: But…

Hancock: I think in another interview you talked about the dot-com boom as your era of seduction, which turned out to be difficult. Well, I think you found at one point that you were a billionaire. Is that right? Do you want to tell the story of that seduction in this peak time of your net worth, when you found out you were a billionaire?

Musser: No.

Hancock: No? <laughs>

Musser: Ruin my appetite?

Hancock: We had lunch already.

Musser: It's always discipline in management, isn't it? It really is. You can make more money now probably than in any period we've ever had, but you have to be in it a certain way and with certain people, don't you? It almost looks like it's controlled by Silicon Valley. That's where the big money is made. It's much harder to find individual stocks that you can make money in because all these buying groups have been formed in Silicon Valley and they all want to buy them first. And they can. Look at the horsepower they can bring to bear. And the whole industry is changing. The brokers aren't making any money out of small stocks anymore, Prescott, Ball & Turben and ones like that. I think they're all out of business. It's a whole different game. Still money to be made.

Hancock: Earlier today, I had mentioned that one of the missions of the Computer History Museum is to not only capture the stories of innovators and pioneers, but also to ask them for lessons that can help inspire the next generation. And I had asked you if you were to distill the advice that you've had from your professional life experience, and if you could distill that into one word of advice, what would that word be and why?

Musser: I gave you that word.

Hancock: Yeah, what is it?

Musser: Boldness.

Hancock: Boldness.

Musser: That's what we wrote down.

Hancock: It is. And tell us why and maybe a story or something behind why that's been so important.

Musser: Well, one thing that's obvious about the Safeguard story is it sometimes seems like a series of near misses that turned out good. Now, obviously not all of them, but some of them turned out real well. Comcast is a good example of an oversized effect that a small company can have. I mean, to have Julian sit there-- they honestly made it. They look upon us as a founder of the company. We did all that with $300,000? In a way, we did. There wouldn't be a Comcast if we hadn't spent $300,000. Now, I don't know how to tell you how to do that. I don't know that you ever can do it, but we have a series of near misses like that worked out well. Novell is another example. We haven't mentioned McGinnis, Dan McGinnis of…

Stefanik: Coherent.

Musser: Coherent. That turned into a billion dollars. So we have a series of those that can't be planned for. The only reason they happened is because you empowered an aggressive entrepreneur to do something and they did it. And you can still do that.

Hancock: You've had a chance to work closely with so many entrepreneurs. If you could help distill some of the attributes or patterns you have seen that helped define a successful entrepreneur, from the many people you've worked with?

Musser: Well, you have to start with the attributes and ingredients of a successful entrepreneur. Right? That’s what you have to start with.

Hancock: And when you looked at the many people who lined up to come meet with you, how did you choose them? What did you look for?

Musser: Well, have you ever met a guy like Mike Hagan? Have you?

Hancock: I haven't met Mike. No.

Musser: Because that would answer it. <laughs> That would answer it. Sometimes it just pops out. I mean you look at the guy-- Walter Buckley is the same kind of guy. They look confident. Act confident. They are confident. You know, usually there's success traits. But it's harder now for me to see a small guy becoming very successful. You can still do it.

Weber: After the crash, where do you want to pick up? Epitome Systems?

Musser: Well, Epitome, not much to talk about. We never got… Accenture was supposed to be our ace in the hole, and they never sold anything.

Weber: How was it supposed to work then? How were you hoping it would work?

Musser: I was hoping they’d get customers that we could then satisfy.

Stefanik: They were going to use your product, essentially.

Musser: Yeah.

Weber: And since they didn’t…

Musser: And they liked the product, et cetera.

Weber: And what was the product?

Musser: Well, just more efficient software. They said they liked it and they did like it. And they had trials, et cetera, but we never got an order of any size.

Weber: And you had regrouped as the Musser Group, right? And so that was one of the first that you were involved in after the crash, right?

Musser: Probably the first.

Weber: All right. Were there any others that were notable following that? I mean before…

Musser: In that period is when we invested in Nutrisystem.

Weber: Well, that's the big one. Were there any others in that period?

Musser: That's the big one. No.

Weber: Okay. So, tell that story.

Musser: Tell that story, Nutrisystem? Well, it all happened in this room in here where we collected $9 million from Mike Hagan to buy 60 percent of Nutrisystem, which had just come out of bankruptcy. And he had visions on how to sell it that nobody else had had. The previous people had used distributors and that wasn't working so well. And he wanted to use it where everything was a company sale. Direct company to individual. It took about a year to prove that.

Weber: Over the Web? Or how would you reach the customer?

Musser: Over the web or any way at all. Advertising on TV. Of course, he did a lot of that-- other people were still doing it. They're still doing it.

Weber: And then they could order directly.

Musser: Yes. Hagan's a good man.

Weber: Well, they had gone public before that, obviously. You said you got the stock from $2 a share to $77 a share in less than a year.

Musser: No, no, no three years. It went from 60 cents to like $3 in the first year.

Weber: A lot of this is coming from "The Pete Principle."

Stefanik: Yes, a *Philadelphia Magazine* article.

Weber: Okay. It's not 100 percent reliable, clearly. Yeah, they said you did it in one year.

Musser: <laughs> Not quite. I mean it's still remarkable to even say you did it. Not in one year. But it never saw 60 cents, again, put it that way. From the time you put 60 cents in, it never went below a buck and it did go as high as three or four. But then in that third year, my God, just-- and it was a good example of having to cope with short sellers. Boy, they get vicious when the world's against them.

Stefanik: What do they do?

Musser: Well, they create lies.

Stefanik: Right, to try to…

Musser: To try to keep it down. I mean, they do anything in sight to keep it down.

Stefanik: Because it was already a penny stock basically. Yeah. In some ways it reminds me a little bit of your investment in Safeguard check writing systems, in that it was an investment in an already public stock that was a bit down on its luck. But that with changes in management and distribution of the product that you were able to turn it around. But the investment mechanism seems a little bit like back to your roots almost, with Nutrisystem versus Safeguard Business Systems. They both have systems in their name.

Musser: You get, like Nutrisystem you get to, say, above 50, you're starting to talk some real dollars. You know? And real dollars can get mean, really mean. I mean, Mike Hagan got brutalized as CEO of a public company. He said, "I'll never do that again."

Weber: But in what ways, like shareholders meetings or in the press or everything?

Musser: Yeah. And if you go to sell anything, then the whole world is against you because you're telling them one thing, but you're selling your stock. You know? It gets very tricky.

Weber: And so, sales exceeded $800 million by 2007. But out of sales, profits were…

Musser: Profits were good. Because by eliminating distributors, you got a nice margin in there to sell right to the shareholder.

Weber: To a customer.

Musser: Yeah.

Weber: Oh boy. Yeah. And the 2008 crash didn't have much effect on it.

Musser: No.

Weber: You stayed in as an investor, I presume? And then InfoLogix-- or tell me if there's anything else you want to say about Nutrisystem.

Musser: No, nothing else. A lot of people in the game. Every food company is now a competitor.

Weber: And had you been in that sort of real broad consumer business before?

Musser: Me? No.

Weber: Because it seems even more usually very low margins, very competitive. But this was a particular niche for a while. What happened? So once the big competitors came in, I presume, profits went down.

Musser: Of course. Every food company is now a competitor.

Weber: Yeah. Well, they follow each other.

Musser: Sure. Yeah.

Weber: So your InfoLogix was more, in a way, a familiar type of investment for you, right?

Musser: Yeah.

Weber: And how did that work out?

Musser: Not so well. <laughs> Not so well.

Weber: And you had quite a board.

Musser: Didn’t we though?

Stefaink: Who was on the board?

Weber: Former Eagles coach Dick Vermeil.

Stefanik: Gerry Lenfest.

Weber: Gerry Lenfest. Those are two. Were there others on the board that were notable?

Musser: Not like those two.

Weber: And then, Sprinturf.

Musser: We didn’t have any luck with that either. That’s artificial playing fields.

Weber: Okay. But some places use that now.

Musser: They’re still widely used but so competitive. You have to fight to get the order. You do this, you do that. It’s hard to make any money.

Weber: And tell the story of how you got into that deal.

Musser: It’s the one where it started at a parking lot of a bar when I got-- oh Tom Lynch was driving a car and bumped into another, that type of thing. And that guy was in the artificial field business. So we ended up buying his company…

Fralic: After the car accident.

Weber: You felt bad about backing into his car. I think you made it up to him.

<group laughter>

Musser: Yeah. Boy, that seems like forever ago.

Stefanik: Going on 12 years or so at this point.

Musser: Was it twelve? Oh my God. They were interested in every high school and what the color of their field was, if you had a bright blue. It was quite a game everybody played.

Weber: And what color was that product?

Musser: Ours? It could be any color. That's just the point. You were not limited.

Weber: Oh. And you could do logos and all sorts of-- right. And again, who knows how good the source is but the idea that in different eras, you had invested in different themes. So your reputation was built as somebody who sort of found the most profitable business of that period. So, manufacturing in the sixties, real estate in the seventies, computers in the eighties, presumably internet in the nineties. Does it feel like that? It's true?

Musser: I started running out. <laughs> Getting dry.

Weber: Four decades with the whole theme. Or nutrition in the 2000s.

Musser: I don't have any hot ideas right now.

Weber: But real estate-- we talked about this campus. Are there other real estate investments that you made that are important to talk about? This is a pretty big one.

Musser: Yes.

Stefanik: Do you want to talk about how it started? Because I think it started off Nichols & Company, pretty modestly. And now the company Brandywine, aside from Comcast, has basically every other tall building in Philadelphia. Right?

Musser: Two out of four.

Stefanik: Yeah.

Musser: You know what's funny, a trend I just read about again today: the real estate holding companies are selling off their assets to own more distribution centers. The builders own 20 percent of Comcast. They're selling because they want to build distribution centers for Amazon, people like that. So that's a trend and it's going all through the industry.

Weber: It makes sense.

Musser: Yeah.

Weber: One thing I wondered, though, maybe you have an idea, is let's say at the height of Sears and some of those mail-order businesses, there was a lot of square feet of distribution facilities, too. I mean, has the balance shifted?

Musser: That's exactly right. But I think the real estate in that case is owned by the manufacturing company to sell its product. I mean Sears, think how much real estate they owned because they were selling product. As the sales of the product go down, the value of the real estate goes down. They had a whole empire in real estate. And who was that one broker played that all the way to the end, I forget his name, but he's-- as these things go bankrupt, et cetera, he's-- Lambert.

Stefanik: Eddie Lambert?

Musser: Yeah. He's maybe made a fortune because he's been in control, but boy, he hadn't looked good in principle.

Weber: Certainly, I want to ask about philanthropy and looking forward, but are there other areas you think we should cover before that?

Stefanik: I think that's good.

Weber: Okay. I wanted to ask, we talked a bit at lunch, which was not on camera, about the Boy Scouts. But if you can talk about your philanthropy, in general.

Musser: Well, I've just always gotten a great satisfaction out of it. I've been very generous with schools. And I think maybe that's being a little overdone now because now they want to charge you a fee, because if you're giving money for a school you want to get somebody in class. Hell, that's always been the trend. Right? Now, that's a bad trend. The point is they don't need all this money for schools, because schools are going to be online, et cetera, et cetera. Real estate won't be as important going forward, I don't think. But any way you can help young people be more successful, that interests me.

Weber: If you could talk about your career as a boy scout and how that led to your involvement in giving to scout camps.

Musser: Well, again, it's helping young people. I just like helping young people.

Weber: But you had a unique introduction to scouting?

Musser: Because my bicycle was stolen?

Weber: Yeah.

Musser: I never held that against the institution. <laughs>

Weber: So, tell what happened.

Stefanik: You mean how did you get back connected with them?

Weber: Well, he hasn't said on camera that his bike was stolen.

Stefanik: Oh, we want the story.

Weber: Yeah.

Musser: Oh, I went to my first Boy Scout meeting at age 12 at the church. I guess a Friday night. And I even think I was riding a new bicycle. They had many events like that. And the new bicycle got stolen and that dimmed my enthusiasm for such meetings. But I always had a heavy belief in the principles of the Boy Scouts. I have given to various things like obstacle courses, et cetera. The Boy Scouts have a hell of a problem now with so many competing activities that take place at the end of the day. You have two young children. You must be competing four different ways every Friday night.

Stefanik: A lot of things vie for their attention in terms of how they spend their time and there is only so much time in the day and the week.

Musser: Yeah. I like anything with leadership, any way I can help to sell leadership, teach leadership.

Weber: And that's the foundation, the Musser Foundation.

Musser: Yeah.

Weber: And it said you've given away personally over more than $50 million, but mostly through that foundation?

Musser: Yes.

Weber: And that's Boy Scouts, Red Cross, any other notable places you've given?

Musser: I don't think so.

Stefanik: Actually, could I just interject here? I think that this could be an interesting example where the intersection of philanthropy, and just things that you can't necessarily anticipate happen. So, I was wondering if you could just talk about your first involvement with the institution that would become the National Museum for the American Revolution. Right? It was headquartered out here near historic Valley Forge and it was a collection of artifacts. I forget exactly how you had been involved. But it ended up maybe 15 years later being dedicated in Center City, Philadelphia, as a national museum to this experience in American history, that I think probably you weren't able to anticipate at the time. But I think that that's maybe a unique thing to talk about in the context of philanthropy and how starting with giving can end up in places that might be…

Musser: You're right. I actually got involved because my wife at that time was in marketing, and she got a marketing contract from this very small group who were operating out of a church at Valley Forge. In the group were several collectors of Revolutionary War artifacts and they didn't have any place to keep these artifacts, so they kept them in the basement of the church. And they contracted with her to try and get some money into the activity.

She got me on the board and then I wanted to get some stronger investors on the board. And I ended up getting the name-- Gerry Lenfest in this area was a hell of a name-- and he got very fascinated. He was in the Navy, so he was a military man background. And guess what he was? He was a large investor in Comcast. He developed suburban cable systems successfully. And so, we were using his boardroom. I asked him to come to a meeting, and then I bamboozled him to become the chairman, which he did. And Gerry had some power. He ended up putting in $120 million.

Weber: Himself? Or from other people.

Musser: No, that's just his activities. You know what I mean? Unfortunately, he has died in this last year, but he's the only reason the institution exists, frankly.

Weber: And it turned into a museum downtown.

Musser: Downtown. If you ever want to read an interesting series of books, there's a series of books have been written about the Revolutionary War by one guy and I'm trying to think of his name.

Stefanik: Are you thinking David McCullough?

Musser: No, not David McCullough. He's another one. But this guy…

Stefanik: A different guy.

Musser: …wrote "Heart of the Sea". I'm trying to think of his name [Ed: Nathaniel Philbrick] because he's a lawyer and lives in Nantucket. And his wife is a lawyer and was our lawyer in Nantucket. He's a hell of a guy. And the books are all so interesting, you just can't believe it. And how he got his details, I'll never know. That was about an eight-year war.

Stefanik: The American Revolutionary War.

Musser: Yeah.

Stefanik: And have you been to the museum now?

Musser: Yes.

Stefanik: You have?

Musser: Have you?

Stefanik: I have not yet.

Musser: It's wonderful. It's small so it doesn't take forever. I mean, two hours can do it very easily. But when you think about it-- one of his latest books is about the Battle at Chesapeake Bay where Cornwallis surrendered. The Battle of Yorktown, maybe. And Washington was in power the whole way, but he was usually up around New York, watching most of the British army which was up around New York looking for where to go. They never knew where to go. They didn't know where to go, north towards Canada, south towards Chesapeake, whatever, whatever. And the British military top guns would love to come to New York and socialize. So they didn't want to fight any wars. They'd come up there with all their ships and stay a year or two, back to England.

And the Battle of Yorktown took place, and Washington at that point was up there and he came down with maybe 15,000 people walking. They had maybe 15, but they now cornered themselves on a peninsula. The French fleet was out here cruising around and they were pretty powerful. And one thing the British weren't good at was land wars. They were not good at land wars. They were wonderful at sea wars.

Stefanik: Right. And we couldn't beat them there.

Musser: Yeah.

Weber: And were these books part of what got you interested in the museum?

Musser: No, because I was already.

Weber: This came after.

Musser: I was already. These are just lately. Like here's one you can hardly believe…

Stefanik: Careful picking up such a heavy book.

Weber: Yeah. And you're wired up.

Musser: It's hard to believe you'd be interested in that because it's so thick, et cetera. Yet, it's fascinating because it's fascinating. This guy was prodigious in energy.

Stefanik: So is his author, his biographer was prodigious.

Musser: Yes. And it's very entertaining.

Weber: In the museum then, your role was…

Musser: In essence raising the money to cause the museum to be built.

Weber: Are you still on the board?

Musser: No.

Stefanik: But you were for a while during…

Musser: I was chairman.

Stefanik: Yeah, chairman of the board.

Musser: And the best thing I did was get a more effective chairman -- and a richer one. <laughs>

Weber: Because then you brought in-- got it.

Fralic: Life lessons.

Weber: You worked yourself out of a job.

Musser: That's exactly right. And we ended up with a museum. And you know, he actually himself did 120. That's astounding.

Weber: Boy, that is.

Musser: It's astounding.

Weber: So it's an endowed museum at this point.

Musser: Oh, yeah. Come down if you're down there and have half a day, two hours, whatever in the Independence Square. It's worth seeing.

Weber: I'd like to see it. I've been to Valley Forge.

Musser: Well, working with the Valley Forge Institution, I will tell you, is not a trick. I mean they are awful to work with. Awful. And that's another thing. Our original concept was build it out there. But that's not where the crowd is. The crowd is downtown, down where the busses are. So, by bringing in a guy with a fresh mind-- he actually, at one point, bought land adjacent to the park. He was going to let us build on his land and that's how creative he was. But then somebody persuaded him it's really better to be down next to Independence Hall, and it is.

Weber: Yeah. Most of the history was in the city. It was a very, very important battle, but yeah.

Musser: You're right. And the one thing I was going to tell you, at the final battle-- was that the final battle of the war? There were two more years to go. That wasn't the end of the war at all. Two more years. But when you think of that battle, whatever you know, do you think the French were very important?

Weber: Yes, because I'm…

Musser: Well, you're right. They had as many people on the land as we did.

Weber: Yeah. No, the French were a major part of that war.

Musser: And the fleet. The fleet was vital because that protected you against the English Fleet. But the people on the land were equally vital, because they knew about artillery and we didn't. And once these guys had worked themselves into an enclave, it's not a battle of one against one, it's the goddamn cannons. The cannons won the war -- and the French were good at cannons.

Weber: Like the machine guns did later on.

Musser: Later on in World War I and World War II.

Weber: And the Civil War to some extent.

Musser: Yeah.

Weber: Marguerite already asked your advice for entrepreneurs. Looking forward, take your pick, 10 years or 20 years, what would your greatest hope and greatest fear be for the future of technology investing and entrepreneurship? Greatest hope and greatest fear.

Musser: I'll start with my greatest fear because it's happening right now. The Democratic party is almost pure socialist. They really are. They want you to have free education, free medicine, free, free, free. That's the platform today, right now. And I don't know how the hell we're going to fight that. I really don't. I mean Trump has his problems, don't get me wrong. I'm not advocating Trump, except he's more entrepreneurial certainly than anybody in the Democratic Party. And I'm just worried about how far does it go until we're all socialists? Seriously, and that really worries me now because nobody on the Democrat-- well, Biden, would be the closest thing to a moderate, the closest thing. And he talks about it. He talks about how hard it is to be a part of the Democratic Party. And that's happening right now. I don't see any solution anywhere else in any other country.

Weber: And so, what would your greatest hope be then, just the flip side of that?

Musser: That we can keep things more in moderation, more moderate and democratic, not so socialist.

Weber: And a smaller role for government or something specific for business.

Musser: Well, that would be wonderful. I don't see anybody advocating that.

Weber: And any specific things for business?

Musser: When I think about what's happening in transportation, that's pretty amazing what's happening in the next five years.

Weber: There's your next decade theme to invest in.

Musser: Yeah. I wouldn't want try it but…

Stefanik: Someone can.

Weber: A big player. Yeah. But it's also the big players now.

Musser: Big players. And a guy like [Elon] Musk is his own worst enemy. I mean he's fighting with the SEC. Can you imagine that?

Fralic: He's the definition of that. <laughs>

Musser: That's not the way to spend your time.

END OF THE INTERVIEW

