



BY AVA ROOSEVELT

An exclusive interview with Internet pioneer...

James H. Clark

How his insights in 2001 compare to his perspective today



Back in 2001, I interviewed James H. Clark – the American entrepreneur and computer scientist who founded Netscape, MyCFO, and Healtheon (now WebMD). At *South Florida Opulence*, we thought it would be interesting to interview Jim again—12 years further into the computer revolution – asking him the same questions to see

whether his predictions have come to fruition and what his industry outlook is today.

2001: When on August 11, 1995, Netscape stock opened at \$71 it was a major leap for an associate professor of electrical engineering at Stanford University. Were you aware that you had made history and had forever become part of the computer revolution?

James H. Clark: By 1994, I had made about \$30 million at Silicon Graphics, which I started after leaving Stanford 13 years earlier, so Netscape wasn't completely new wealth for me. But within six months of Netscape's IPO, my net worth had increased by a factor of 100. The magnitude of wealth was pretty overwhelming, but the wealth was very concentrated in one stock, was not liquid, and later fell by a factor of ten before recovering by a factor of eight – quite a roller coaster ride. Not until the company was bought by AOL did I have the chance to liquidate and diversify, which I have done, but about half my wealth is still in the technology sector. As for a place in history, yes, I knew that what we were doing was very significant, but candidly, no one could have predicted its immense impact. I doubt that I'll ever again have as significant an impact on history.

2013: Looking back, how do you feel about that today?

James H. Clark: I still feel the same way. We don't often get the chance to have such an impact. My biggest future contribution to

society will likely involve biology. I am migrating back to Stanford over the next few years to work as a consulting professor in the Clark Center, which was created through my funding. I hope to be involved with several projects there and help them to achieve maximum fruition.

2001: You said that even when you became a billionaire on paper you did not feel like one. Why not?

James H. Clark: Because the stock price was too volatile, its value was not real at the time. I think because I created my wealth on my own, from nothing, it gives me a great deal of confidence that I could do it again. Thus, I probably am less concerned about preserving it than someone who might have inherited it, because they did not make it from their own initiative, and thus, are probably not as confident about their ability. Maybe the fact that it has fluctuated so much makes me think of it as less real. As I get older, however, I do wish to ensure that I don't lose it all.

2013: Has your perspective on being wealthy altered in the last 12 years?

James H. Clark: I continue to try to be humble regarding wealth. The financial services industry helps me with that, because in my experience people in that industry for the most part are trying to take wealth away from those who've made it. The meltdown in 2008 is a great example. I've just recovered a bit from that, but the banks that caused it are still awash in money.

2001: What do you plan to do with your money?

James H. Clark: I'm inclined to "spend" my money on such things as yachts, airplanes, and real estate, instead of thinking of preserving it. The last thing I plan to do is give it to my children. They've got \$20 million or so each, which is more than enough to encourage bad habits, but not so much that they become completely reckless. Whatever is left when I die, I will give to some educational purpose. I have already given \$150 million to Stanford University to enable research into biomedicine, bioinformatics, bioengineering, and biosciences. We will see cures for such things as the common cold and the AIDS virus via genetic alterations, either to the virus or the invaded host. Further possibilities include direct connections between the nervous system and computers, enabling things speculated only in science fiction at this time, such as direct control of robots, prosthesis, telepathy, etc. Much of this will come about in the next 20 years, I believe.

2013: What has happened to these 'investments' in your children and others mentioned above?

James H. Clark: Some of these things are indeed happening now. The \$150 million to Stanford was reduced in 2002 in response to George W. Bush's posture of government funding of stem cell research. Nonetheless, I continue to support Stanford and will continue to give there. I have been asked to join the "billionaire's pledge" – give half of my money to charity when I die. Different people give in different ways. I'd prefer to give it along the road to death rather than wait until the end. I actively support music, education, and other things, and this gives me much satisfaction.

2001: Where is the Internet headed?

James H. Clark: The Internet enables all of the computers in the world to be connected and exchange data in real time. By analogy, consider how limited the world would be if people could only communicate in writing, that is, they could not speak to each other. This is what the computing world was like before the Internet became popular — computers were islands that exchanged data by transporting a copy of a diskette from one to the other. The richness of this network of computers grows in proportion to the square of the number of computers connected to it, yielding vast implications for many industries. The world's telecommunications infrastructure will grow in speed, wireless connections, and ubiquity. Ordinary voice communications will become insignificant in cost as we increasingly use the net for image transmission, video on demand, transactions, etc. Every business relies on communication with its customers, and the Internet and the World Wide Web have enhanced this dramatically. But this new medium also enables many more efficiencies: person-to-person communications as with email, but enhanced with higher bandwidth for moving images; retrieval of information from anywhere, anytime, without requiring that an "operator" answer the phone; shopping and other commercial transactions. The possibilities are practically boundless. The term "Internet" will probably become somewhat like the word "telephone." It will be assumed, as in "I'll call you later." The implications of the Information Revolution will fade no more quickly than have the implications of the Industrial Revolution.

2013: It must feel good to have made such an accurate prediction. What's next? Is there a "next"?

James H. Clark: A lot that has happened I would never have predicted. Social networks are much bigger than I thought, although it is still unclear how they profit from making connections between people. Google has become the Microsoft of our times, with a tendency to copy Facebook and Apple. I fail to understand how Google benefits in proportion to the effort in producing and giving away Android. I would be much happier if an American company benefitted from it, rather than a host of Asian companies who make all the profit.

2001: What do you think about the retrenchment of the Internet stocks?

James H. Clark: It was inevitable, but just because there was a bit of "uncontrolled combustion" doesn't mean the fire is out. The Internet is a revolution with an unbounded impact on the efficiencies on business.

2013: What do you make of the fall of the Apple stock? And is there 'bubble' of the stock market in general?

I think Apple has a few challenges, especially in competing with Android, but I am quite confident that they are much undervalued at this time (\$400B). They will come back quite a bit by the end of the year, I suspect. I think all of these companies ebb and flow a bit in value. Much of this is due to the nature of short-term investors and high frequency trading.



I wish our government were farsighted enough to tax short-term activity like this. I'm sure it would lead to less volatility in the market. We should reward people who invest in American companies for the long term, not be talking about raising taxes on investment income. Make the long-term holding period 2-3 years, rather than a year, and make rates go down the longer you hold a security, and then you'll see more stability, I think. Make hedge fund managers pay ordinary income taxes rather than capital-gains on carried interest on other people's money. What a failed policy. It just makes the rich richer while ordinary people who do take some risk in the market are taken advantage of. The deck is stacked, people are afraid to invest, and thus the market fluctuates wildly. It's simple to see why.

2001: How do you see the world in 30 years with regard to science and technology?

James H. Clark: Let's hope it still provides people with the incentive to work productively, because otherwise they will surely get bored and destroy the world. But I am optimistic and believe what is happening today is enabling the world to communicate and find out about other cultures, which means people and nations will work together more effectively. As for working, I think everyone should, whether they have the financial need or not. It's important for mental health and it will always be a part of life.

2013: Does having a 19-month-old child change your perspective on life? Do you wish you could live forever?

James H. Clark: Great joy comes from seeing my daughter develop. I spend lots of time talking to her and reading to her. Like any parent, I want her to be able to achieve great things if she's inclined, so

I hope to give her as much equipment as possible to do it, in the form of education and training.

I have no desire to live forever. I just want to be healthy so long as I am alive. I exercise intensively for an hour every day, and these things keep me pretty alert.

2001: To change the subject—why did you choose to live in Palm Beach of all the places available to you?

James H. Clark: I chose it because Bill Koch lives here, and I like him very much. Initially, I didn't care for living in Palm Beach, but after spending several years here, I've met some very nice, grounded people. I need to escape to Silicon Valley often, however, for the business and technology stimulation that is missing here.

2013: I understand that you've decided to sell your house in Palm Beach. What has prompted that decision?

James H. Clark: I will sell my home here within the next few years, as I move back to California. For the moment, I will continue to reside here; California is a high-tax place. But ultimately, I think my daughter will get a better education there. That's the main reason I'm moving back.

2013: There is clearly a life after the Internet for Mr. James H. Clark. Does what you've said 12 years ago have the same meaning to you today?

James H. Clark: Everyone should work, whether they have the need or not... It's important for mental health. Money won't make you happy...work will.

I'll stick with that. ●



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