

# Oral History of Steve Ballmer

Interviewed by **Mario Juarez** for the Microsoft Alumni Network

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## Preface

The following oral history is the result of a recorded interview with Steve Ballmer as conducted by Mario Juarez on September 3, 2024, at Microsoft Studios in Redmond, Washington. This interview is part of the Microsoft Alumni Network's Microsoft Alumni Voices initiative. The goal of this project is to record the institutional history of Microsoft through the recollections of its former employees, so that the information may inform and inspire future generations.

Readers are asked to bear in mind that they are reading a transcript of the spoken word captured through video rather than written prose. The content reflects the recollections of the interviewee. The following transcript was edited by the Microsoft Alumni Network, which holds the copyright to this work.

## Interview

Mario Juarez: Okay, let's begin. Give us a little 30-second intro. Tell us your name, tell us when you worked at Microsoft and what you did.

Steve Ballmer: Hi, I'm Steve Ballmer. I worked at Microsoft from 1980 until 2014, so 34 years. I started as assistant to the President! I became... No. Vice President of Corporate Staffs, Vice President of Marketing, Vice President of Systems Software, Vice President of Sales and Marketing, and then President and CEO. What I would say is I kind of came in as the number two and a half person. Bill [Gates], Paul [Allen], me. Until I became the number two person when Paul left and then took over as CEO when Bill stepped down.

Mario Juarez: Awesome. Awesome! Where were you born?

Steve Ballmer: I was born in Detroit, Michigan. Grew up there until I was eight. Moved to Belgium. My dad was transferred overseas. He had been an interpreter at the war trials at Nuremberg, so he spoke a number of languages. So Ford sent him overseas, moved back three years later to Detroit. And it's definitely... People ask me where I'm from. I'm from Detroit even though I've lived in Seattle 44 years.

Mario Juarez: Awesome. But not a Pistons fan.

Steve Ballmer: I was a Piston's fan growing up. Absolutely. I'm obviously a Clipper fan at this stage, but I keep a little bit of love for the Pistons in me too.

Mario Juarez: Good, good, good. So, your dad was an interpreter at the Nuremberg Trials?

Steve Ballmer: He was. He was.

Mario Juarez: Wow, I didn't know that.

Steve Ballmer: Yeah, he was assigned to a guy named Fritz Sauckel for his post-sentencing interrogations.

Mario Juarez: Wow.

Steve Ballmer: Yeah.

Mario Juarez: So that was before you were born, but did that have any impact on your life?

Steve Ballmer: Impact? It was very interesting. It meant he was much more interested in World War II and everything that had happened. While my dad was Christian, my mother was Jewish and my dad certainly had empathy, lots of empathy for my mom's family, the Holocaust,

etcetera. But he mostly told us the fun stories actually, until shortly before he died, when we started to hear the less fun stories of things that had happened at Nuremberg.

Mario Juarez: Tell me about your childhood. Your father was an executive at Ford Motor Company. Am I getting that right?

Steve Ballmer: My father worked at Ford Motor Company. He started, he was an immigrant, as I said. Well, my father was an immigrant from Switzerland and he started at the bottom. First job I think he had in the U.S. was a hotel desk clerk. He had never gone to college. I'm sure he never finished high school. He never really answered that question. Then got a job as a payroll clerk at Ford and kind of worked his way up to a mid-level job in finance.

Mario Juarez: What was that childhood like for you? Tell me about what was your boyhood like.

Steve Ballmer: I have one younger sister. I kind of grew up liking sports. I had a couple of teachers who told me I was bad at math. One teacher told me I was bad at math, which was very much, what should I say, a kick in the butt incentive for me because I'm actually very good at math, but it kind of got me going, pushed myself. Math kind of became my academic thing. I got a scholarship. I went to a private high school, which was relatively all consuming. Really enjoyed that.

We had a solitary period for three years when we lived in Belgium. There were basically no English speakers within, English-speaking kids, within five miles. So we had to try to communicate with Belgian kids in French, which we studied in school, but their native tongue was actually Flemish. So a lot of time with my sister. Yeah, I'd say that's a reasonable characterization. Got pretty achievement motivated pretty early and certainly by high school.

Mario Juarez: What were the values in your household?

Steve Ballmer: The thing that probably best captures it is a quote my dad used to use. "If you're going to do a job, do a job. And if you're not going to do a job, don't do a job." Now, you'd say, "What the heck does that mean?" It basically means if you're going to do something, dig in and really do it. And I would say that was a value that certainly registers most vividly, if you will, in my mind.

Mario Juarez: Where was that? I was later informed as I arrived at Microsoft, "Go big or go home?"

Steve Ballmer: That's another good one.

Mario Juarez: Feels very, very similar to that.

Steve Ballmer: Sure.

Mario Juarez: And some other attributes that I think ascribe to you as just the pure focus, absolute dedication to hard work, a complete kind of confidence in what you do.

Steve Ballmer: I was actually a very shy kid. Extremely shy kid. Had a hard time getting myself to calm down. My mom had to really work to get me to calm down to go to Hebrew school. I wouldn't go in the house if my friends' dads were around because I was afraid of daddies. I was a very, very shy kid, had a hard time talking in school. I got more confident when I was in a setting for a long time. But it's certainly dichotomous with how you characterize me and how many would characterize me.

Mario Juarez: Yeah. I remember one time sitting in your office when I interviewed you for the twenty-year anniversary edition of Micro News. And we were sitting alone in your office, and you said to me, "I'm actually a shy person." I think you even said, "Don't publish this because no one will believe it, but I'm actually a shy person." Was that a

component? Talk about that factor in who you were throughout that Microsoft tenure.

Steve Ballmer:

Yeah, I would say the way my pattern is, come in shy, gain a little confidence with knowledge, and then be better. And certainly, when I came into Microsoft, I was shy. I didn't know anything about technology. I hadn't worked with... I knew smart math science guys in college but hadn't really worked around engineers. And I am not sure timid is the right word, but I was shy.

"Okay, now we've got to go see a big customer." And I would be nervous before I'd go do that. But with time I got in my flow. Certainly, I was a football manager in college and that helped me a lot with confidence. You had to get up in front of a bunch of players and players would of course, "Manager!" You're not exactly the most respected job and you make announcements. And so certainly, I don't know, 1981, 1982, when we're doing our first company meetings, I had my confidence here by then I'd say.

Mario Juarez:

Wow. How did you gain that? I mean, that must have been hard.

Steve Ballmer:

I mean, you learn. You dig in. In a way it was a lot easier. Microsoft was... I always say I was the 30th employee, but I was actually trying to count last night in advance of this, who were the 29 people at Microsoft before I got there. I may even have been earlier than the 30th employee, but because of that, everything is growing around you, all the bones, where are they buried? Because I was essentially involved from almost scratch. The company was about two and a half million in revenue the year before I got there, seven and a half million in that year when I did arrive, whether it was 25 or 30 people. So, I knew everybody. I could know the business as it existed because Bill [Gates] was a great teacher. Paul Allen was a great teacher, and I could rapidly get a level of confidence because

there just weren't that many people to touch. And I think that helped me a lot.

Mario Juarez: So you go to Harvard.

Steve Ballmer: Yes.

Mario Juarez: Obviously, I mean, I think you're underselling yourself a little bit in the achievement department because I've heard stories, watched interviews and you and Bill talking about time at Harvard. It seems as though that level of academia felt like your level, like you were at home there. Talk about that.

Steve Ballmer: No, don't make a mistake about the achievement thing. I was very achievement motivated and I did very well in high school and did very well at Harvard. I am not short on what I would call academic skills, particularly kind of math and science. I was really good at it. I pushed myself really hard. I finished the math curriculum in our high school in 10th grade and took college courses for my last two years. So no, it was something I felt really good about and was really good at and I loved it and I loved it.

There's this sort of culture amongst math science guys, at least there was back when I was a kid, everybody, I went to a math camp one summer and everybody's like, "Oh no, I got the answer!" "No, no, no. Yeah, I got it figured out." "No, my answer's right, you're wrong!" "Oh, my proof is better than your proof."

And I would say that became a little bit... Bill, same way, math science guy. A little bit that became the foundation of the culture at Microsoft. One of our heads of HR along the way was a guy named Mike Murray, and he used to refer to this as Math Camp. It was like a bunch of math campers. And for engineers, math, science guys, there is a certain kind of, there is a right answer. What is it? Be hardcore. Go get the answer. Very straight talk. Very direct.

Sometimes it can be a little harsh, but very much that sort of culture. And it came out of the academic environment, if you will, that I had been in since ninth grade.

Mario Juarez: So, then you get to Harvard. Do you remember the moment that you met Bill Gates?

Steve Ballmer: The specific moment? Maybe not. I can remember how. Sophomore year, we were living in the same pod. Currier House at Harvard. I forget which one did we lived in? I can't remember. But we were down the hall from each other at opposite ends. And there was a guy who was a friend of mine in the middle named Jeff Clark. And Jeff said to me, and he knew Bill, and he said to me, "I think you guys would be good friends. You two should meet. I'll introduce you to this. You're both kind of crazy guys."

And so, Jeff introduced Bill and I, and it was a weird thing because usually in your college people don't say, "Well, I think you'd be good friends, let me introduce you." But we got to know each other and got to be good friends. That was beginning of sophomore year in college when we met. I remember Bill went home for Christmas break and he had left his windows open, door open, and I went into his room, closed the windows and locked the door since I saw this stuff wide open. We kind of bonded whether it was movies or math science stuff.

Mario Juarez: What was it? How would you describe what it was that made you good friends?

Steve Ballmer: I think it was born out of kind of a combination of the fact that we both kind of liked mathy stuff. Because you have to have a common interest. And we stimulated each other. Got each other going in mostly good ways. Although senior year in college, we were in a class together and neither one of us went to class and we were both panicking before the exam. And we'd say, "We're golden in

this course!" And then we'd say, "We're effed in this course! We're golden! We're effed! We're golden!" So yes, we could stimulate each other sometimes in agitated ways, but I think that was kind of the basis for our friendship.

Mario Juarez: Tell me about the final in that course.

Steve Ballmer: Oh yeah, final, I think I got 98 and Bill got 99. It was a graduate level economics course. We dusted all the economics graduate students because it was a microeconomics class. It was basically a math class. And so, we polished off the graduate economics students relatively easily. Yeah, he beat me by a point or two I know on the exam.

Mario Juarez: Which mattered.

Steve Ballmer: Well, which I remember whatever it is, 50 years later or 45, 48 years later. So, it must have mattered to me somehow.

Mario Juarez: Somehow. And this was the course you blew off basically?

Steve Ballmer: Yeah, I think we maybe the first class and then neither of us went to either session. We hadn't done any of the reading. We had to kind of pack it in right before the final and good things happened.

Mario Juarez: And then you sort of opened the page and you're like, "Oh, this is just math."

Steve Ballmer: And we both obviously got A's in the course.

Mario Juarez: Yeah,

Steve Ballmer: The teacher was the guy who won a Nobel Prize in Economics, a guy named Mike Spence. Good man. He wound up dean at Harvard and then eventually dean of the business school at Stanford. But it was a big, big class. There were 50, 70 people and it's something.



Mario Juarez: So, you two were birds of a feather. Things probably felt great to have a friend. And then he leaves.

Steve Ballmer: It's a little more complicated than he left. The rhetoric on that is out of line with the reality. Bill was there all freshman year, all sophomore year. Then he took off beginning of junior year, was back end of junior year and first term senior year, and then left for good. So, he actually finished three years. I mean, some of the rhetoric is he dropped out right away, so it wasn't, he was there and he left because he came back.

So beginning of junior year, beginning of junior year, obviously he was gone the end of that year. We spent a lot of time, in fact, I was a member of, you'd call it a fraternity, they call them finals clubs at Harvard. And we punched Bill, as it's called. He joined. We went through his initiation. I was already a member. So some fun around that. That was the end of junior year. We took this economics class beginning of senior year. So a lot of fun.

And then when he left, end of senior year, he came back, we had a dinner in New York from our fraternity, finals club, whatever, and he came back to go to the dinner. I remember we took a walk, we were staying at 60th and Fifth Avenue. We walked all the way down to the tip of Manhattan and back and we're just talking about his business and what he was doing.

And I remember talking to him at another point. He was doing all these things that sounded very administrative. And I said, "Come on man, you should get somebody like my mom. She can..." Because my mom worked as an assistant, not just typing, but typing and organizing. And eventually he hired such a person, a lady named Miriam Lubow, who eventually, she didn't move to Seattle when the company first moved from New Mexico to Seattle. But she moved a few years later and kind of dedicated her life to Microsoft.

Mario Juarez: Did you have any idea? I mean, just trying in my mind to imagine that walk and anybody walking by you and you walking next to Bill that your friend Bill was going to become Bill Gates? I mean, did you see the potential?

Steve Ballmer: I mean, did I think Bill was one of, if not the smartest person I'd ever met? Yes. Was Bill a driven guy? Yes. So, I knew those things to be true. And so I don't know what it means to, you know. I know Bill has made a lot of money. Bill has given away a lot of money, which is great. Is that what it means to be Bill Gates or does it mean what kind of his personality?

And I would say the same for others, not just for Bill. He was a very, very talented guy with a lot of motivation. I knew those two things and a little bit of crazy work habits, evidence, our economics class and Bill would stay up to the wee hours playing poker. So yeah, it wasn't like he had a straightforward college personality, but he was talented and I believed he would make this company into whatever it could be.

Now, what it became, I would say he didn't anticipate as much. I anticipated it less, I mean he was interested, etcetera. But I remember once in about 1980, I don't know, four, I'm making this up, but 84, 85, it was the eighties, I think, the CEO of Intel, who was a guy named Andy Grove, said, "Someday there'll be a hundred million PCs a year sold." And Bill and I sat and just laughed. "Ha ha ha, he doesn't know what he is talking about. They'll never be that many PCs sold."

So Bill probably approached it, you'd have to ask him, and I certainly approached it kind of one day at a time. Okay, today we're just going to do what it takes to kick ass. Tomorrow we're going to kick ass. And we're going to be long-term in our approach. We're not going to be short-term." So, we were the first company, like a

little company, we've been around a few years. Bill had hired agents in Europe and Japan, and we decided we're going to build subsidiaries. I mean, we were a couple, 25-, 26-year-old guys hiring people to run France, Germany, the UK for us. So, it was a long-term belief that something would happen, but no kind of plan that anything would ever be this big.

I mean, when I first got to Microsoft, I dropped out of Stanford. I had been at Stanford and I drop out to join Bill. Bill had called me. It's actually a funny story, so I'll tell it to you. I had seen Bill the summer before I started at Stanford in business school. I had driven to Seattle, spent a little time because the company had moved by then. I'd seen him in Albuquerque a few years earlier but the company had moved by then. And we were just kind of staying in touch.

I go back down to Stanford and I get a call around, I don't know, April. And Bill says, "Hey, how you doing? What are you up to?" I said, "Oh, I'm finishing my first year. I got a second year." He says, "Oh darn. We could use somebody. God, I wish you had a twin brother, blah, blah, blah, blah, blah." And so I called him back and I said, "Yeah, I don't have a twin brother, but maybe me. We'll see."

And I had a tour to go see some potential summer employers. They all made me job offers. And I just told Bill, "Why don't I stop in Seattle on the way back?" And people asked me at each stop, "What do you think you're going to do?" And I was talking, "Ah, there's this friend of mine who's got this small business in Seattle." And it was a small business at the time, but call it 25 people, whatever.

And I wound up calling him back and saying, "Yeah, yeah, maybe I should be my own twin brother. I'll come join you." And we had kind of a weird negotiation process of what my deal was going to

be. I was dropping out of Stanford. I remember thinking when I finally got the offer, it had two pieces. Did it have bonus yet? No, it had salary and then it had a profit participation because the company wasn't a corporation yet. And I was to receive 10% of the growth in profits against the base year where the number was a million. So, I was to get 10% of all the profits, plus he offered me \$40,000 in salary.

And I thought he had essentially committed to giving me \$50,000 in salary. And I don't actually remember even whether we wound up at 40 or 50. He was on a boat with a bunch of friends drinking, blah, blah, blah. And we were ship-to-shore radio, and they were yelling, "Come on, Bill, just give it to him! Come on, let's go!" But we made a deal. I came up and joined him.

But the other part of the deal was he could fire me at the end of the summer or I could quit. Kind of no harm, no foul. I got here in June. It was right after the second eruption, I think of Mount St. Helens, or maybe right during the second. I saw one of the eruptions from our offices, and I'd been here through July and we had already had our first big fight. I had told them we needed 30 more people or 18 more people on the base of 30. "I didn't hire you to bankrupt this company, Steve," "Grr, Bill. We really need these additional people."

And I'd gotten to the point where I told him, "Hey, I think I might go back to business school." I mean, knocked down, drag out fights. I said, and I was kind of helping with the bookkeeping. A lot of other things. I'm thinking to myself, "I didn't drop out of Stanford to be the bookkeeper in a thirty-person company."

Bill grabs his father. His father's 6'7, intimidating presence, and takes me out to dinner and said, "Steve, Steve, you don't get it, Steve. We're going to put a computer on every desk and in every home." And that kind of became the mantra of Microsoft for years.

That was essentially our vision statement 'til about, I don't know, 2005, something like that.

So no, did we know the company would be all it was going to be? Not really. Andy Grove, "A hundred million computers." Steve Ballmer, Bill Gates, "Ha, ha, ha, ha!" Me, "Oh, I'm a bookkeeper of a 30-person company." But we kept investing for the future without depending on the revenue and profit of the future to fund things today. Which is partly why the company kept so intensely, if you will, employee held, not just Bill, Paul, me, but also the stock options we spread, etcetera, because we just didn't have to, we really didn't need to sell equity at all. We did sell a piece to an outsider. We had to go public to give people liquidity, but we invested for the long term, but we lived within our means.

Mario Juarez: In those early days when you're butting heads, what was it that convinced you to just not pack your bags and head back to Stanford? What did you see? What was it that carried you through?

Steve Ballmer: Well, ultimately, I sort of half won the argument, it went like this, and I half lost the argument. "Steve, prove you can..", And the people we had, we could have... Let's put it this way. We also needed to be hiring even more talent than we had. How's that? Bill was writing still a large percentage of the code between him and Paul Allen. And finally, Bill said to me, "Okay, you think we need 18? Go prove to me you can hire one good person and then we'll worry about the other 17." And, so, that was kind of... I was living with the guy when I first got here and I didn't see him for three days. We avoided each other, even though I was living in his house.

Mario Juarez: Is that true?

Steve Ballmer: It is true. 100% true. I wouldn't tell you, Mario, anything but 100% true.

Mario Juarez: Well, I appreciate that. It sounds like I'm envisioning this and I'm referencing the many times that I watched you and Bill together and it felt like you were always in a way lifting each other up or educating. It's not like it grew up as executives together. Is that a true statement and reflect on that?

Steve Ballmer: Well, yeah, it is true. I mean, look, I had two years, not quite two years, in fact, a year and a half probably, at Procter & Gamble, and I had done a bunch of extracurriculars. That made me Bill's business friend, which is why he called me. And Bill had started the company actually when he was in high school with Paul Allen and then they started Microsoft. I actually think they started Microsoft in 1974 because that's when they started doing work, but they didn't incorporate until 1975, which is why 2025 is officially the 50th anniversary.

But I'm always going to think about it as November of 1974. So Bill had, what, by the time I started five years of quote "being an executive." So it's not like either of us were steep, but the two of us were also super interested in business and we could study these other companies that we work with. Okay, what was IBM good at? Let's study that, because we were working with IBM.

What is Intel good at? Let's study that. Let's study. Let's study. We're working with all these computer manufacturers. So there were plenty of people we could study and not just copy, but copy some things, reject other things they were doing. So in that sense, yeah, we grew as business people together.

Mario Juarez: Paint a picture for us of the first five years of the company from a historical business perspective.

Steve Ballmer: The first five before I arrived?

Mario Juarez: The first five of your experience.

Steve Ballmer:

Okay, so we're talking about 1980 to 1985. So I get here 1980 and literally my office, the day I got there, Bill said, "Well, we don't really have a space for you, but you can take half of the couch in my office and that can be your office." So I worked off of a couch in Bill's office for the first few, I don't know, several weeks N weeks until I was able to free up some space. There was crap all over. We were packed in this, packed, yeah, kind of packed, in this little space on the 8th floor of the ONB, Old National Bank, building as it was known then, in Downtown Bellevue. And, you know, for me there were two big things. One is to set up basic infrastructure. We got the business incorporated. We actually had brought in somebody to do some HR, which really meant recruiting primarily. We hired a real bookkeeper. One of the employees wives had been keeping the books. We hired a real bookkeeper.

We did what I would call infrastructural work. We got in place our college recruiting program, which has basically been the source of a very high percentage of all the talent at the start of the company. And IBM came to see us about building a personal computer. And I was the account manager for IBM. So from my perspective, it was really turning us into a company and working on the IBM relationship that became my focus. I interviewed and hired everybody, and I was in the thick of everything we were doing with IBM. Bill asked me to help with IBM because I had worn a suit before. And they were that kind of company. So we put on suits to fly down there and meet them.

The first time they called and said, "Hey, we're going to come see you. We're going to make you sign an agreement that says anything you tell us we can use. So don't tell us anything you don't want us to use because you're going to sign that away. And we're going to tell you about something and you can't tell anybody about what we're gonna talk to you about." And we said, "Okay".

I actually think the guys might've been waiting outside by them when they gave us the rules and call from a phone booth. I don't know if that's true, but it sits vaguely in my mind. And they told us they were going to build a PC. They were going to use the Intel 8080 processor, which was an eight-bit chip, and they wanted the operating system as well as all the programming tools: Basic, Fortran, etcetera, from us. And we said, "Well, look, there's a small issue. We don't actually have an operating system". They thought we had because we built a card that plugged into an Apple II that ran this thing called the CP/M operating system. So they thought we were the developers of CP/M, and we weren't. So Bill says, "But I can call the guy whose company, Digital Research, makes CP/M and you can go visit with them." So they rehearsed the script because Bill can't say anything. He says, "Gary, I'm going to send some folks down to see you. They're very important. This could be huge for the industry. Meet with them."

He wound up, they wound up, he and his wife were in the business, they wouldn't sign the non-disclosure agreement from IBM. We were desperate to still see this go through, and Bill and Paul and me and our agent in Japan, who was also involved in the strategy, a guy named Kazuhiko Nishi, we sat in a room and basically Nishi kept yelling, "F them. F them. Let's do the operating system." And we all got ourselves all fueled up. I'm going to do the operating system.

And Paul said, "Look, there's a small company here in Seattle called Seattle Computer Products and they have an operating system that works like CP/M, but it also runs on the 8086 microprocessor," which was a 16-bit processor. And Bill had already told IBM, "Don't put in eight-bit chip. See to the future. Put in a 16-bit processor." And so we told IBM a week later, "Hey, we can do this operating system for you. Trust us." And a year later, the first IBM PC shipped.



It was a project they had codenamed Chess. Chess was the IBM code name, and we had the one PC, it was back in a closed room in the back of our office, the room got hot back there, there were no windows, but that became the IBM PC. And that was kind of my first two years. Then there was more building of infrastructure. We had to get better and better, particularly at recruiting.

Paul Allen and I used to go on campus. We'd stay in one room because we didn't get separate rooms for people, couldn't afford it at the time. And people always thought, the kids, "This is a weird little company, but it's a software company." There wasn't much of a notion of software company and these guys were kids who were programming in college and they thought this was kind of cool, and Paul was a founder. So we did a lot of recruiting. Eventually I hired a guy who one of our employees, Vern Raburn, knew. Vern ran something called Microsoft Consumer Products. If you're interested, I'll tell you about it. But we hired a guy and he really took over running finance, office space, real estate, HR, administration. He brought in... Is this right? I think he brought in or maybe Buck Ferguson worked for him running all the administrative functions of the company.

I think that may have been the way it worked. I'm not sure. It's funny how my memory is not perfect on this, but Buck would let you know for sure. And so that became the evolution and then the launch of the PC and what it could become. We hired a president. Bill and I said, "We need somebody who's been there, done that when it comes to being executive." We hired a guy from Tektronix.

The headhunters will say, "Eh, nobody's going to move to Seattle. Nobody wants to work for your company." But this guy would move up from Portland. It didn't work out. A year later moved off of him. And then we were brainstorming, how are we going to do this? And Bill said, "Well, there's this guy called Jon Shirley, who's the guy we

sell to at Radio Shack. He'd be great. He's not a technical person, but he studied the technology because Radio Shack was early in the computer business. You got to meet him."

So I went to a meeting that Bill was having, the company was having with Radio Shack, something about design of their computers, marketing of computers. I agreed with Bill, this is our guy. It was time to go make... Then we approached him and he was interested. It was time to go make the offer. This is very vivid in my memory. And we got to the airport late, Bill and I, and they only had one seat left on the plane.

And Bill said, "You go. You make him the offer." Now, Jon was going to be my boss, so there's a bit of irony in all of this. But I flew down, we hired Jon to be president, and Jon worked out great and stayed president. So we hired a president, let a president go, hired another who was awesome, with Jon in place, infrastructure in place. Then I moved over to focus in on marketing.

My one limited experience at Procter & Gamble had been in marketing. And by now the company was really trying to grow. We had decided to do applications. Paul Allen had said, "We just have to do them. We have to do them. We have to do them", Word, Multiplan, which is the predecessor to Excel. We had some games already. We had an Olympic decathlon game that you banged on with two fingers.

By that time, Xerox PARC stuff is getting going and we say, okay, we got to do what became I think we called it Interface Manager to start, if I remember correctly. But it became Windows and I wound up the development manager. I was Vice President of Marketing for one year after Jon arrived. I think that was '83 to '84. Maybe it was '82 to '83. Anyway, then I took over running what was called System Software. Why? We had lousy management on Windows.

I remember I went to give a speech to the Windows team, and it was 15 people or something. And I'm saying, "Oh, it's going to be great. The product's going to ship on this schedule," and everybody just started smirking. They said, "It's never going to be done on that schedule. You're nuts." And yet this guy we had hired, it wasn't going to work. So fired him and I wound up being the development manager despite having no technical capabilities, but I had a good ability to listen and empower engineers.

We finally got that thing shipped. We were supposed to ship it in '83 and we finally shipped it in '85. And if you will, so we had Windows 1.0 we shipped I think in November of 1985. So if you ask the big things from my perspective, IBM PC, start of Windows, really hiring up and being able to ramp up and hire real talent primarily out of on college campuses. We even hired one guy who we had to bring in on a visa from India. So we started our international recruiting.

This guy was incredible. He had written Bill 90 letters before I got there wanting a job with Microsoft. I don't know, 70, 80, 90. I might be being hyperbolic. Bill said, "Figure out what to do with him," and I figured out how we hired him and he became, I think, the first engineer working on Windows, A guy named Rao Remala. So my first five years in a nutshell, there you go.

Mario Juarez: Pretty fortuitous.

Steve Ballmer: A big nutshell I just gave you.

Mario Juarez: That's a big nutshell and some pretty amazing aspects to it. And I'd like to talk about two of them in particular, which was the IBM PC and then Windows setting the seeds for a lot of dramas that would come a little bit later and the intersection of those two things. But first IBM, were you working with the guys in Boca Raton at that point?

Steve Ballmer: Yeah. When they first started, they were in Boca Raton, but really most of the work they did on the PC division was never in Boca Raton. It was in Delray Beach. No, nothing was in Boca Raton. It was all in Delray Beach, Florida, which is a town or two over. They tried to give the PC division some separation from the rest of the IBM operations down there, which were in Boca.

Mario Juarez: So you're this tiny little company and they are the behemoth. What was it like? What were the kind of emotions and issues that surrounded becoming attached to such a giant thing?

Steve Ballmer: It was weird because also in that first five-year period, we did a couple versions of MS-DOS. We had started working on Windows, and IBM had decided by then, by '85, that they wanted... We had talked them into. We said, "We got to do graphical user interface. We've got to do graphical user interface. Let's do windows." And they said, "No, no. This has got to be a joint product if we're going to do more." And so we did a joint development agreement to build a next-generation operating system after MS-DOS that had a graphical user interface.

And then they wanted to build in, let's see, what, 3270 emulation in database as well. So we're working on this thing, OS/2, and then it really got difficult because now you have their methodologies as a large company, we were not method-free, but it's not like we were counting lines of code written. In IBM, the number of lines of code you wrote was like a good thing. And in our company, we didn't want you to write lines of code. We wanted to be very efficient.

There was a whole culture mismatch. And now we're all working together on a single piece of software. And this is before, there's not really email. There's fax, not fax machines, teletypes. What were those called in the old days? Telexes. You could send telexes back and forth. And a lot of phone calls and a lot of meetings. I flew to

the East Coast 16 weeks in a row at one point, mostly to Florida, but by then we were also doing OS/2 development in White Plains, New York.

That may have been after '85. But Bill and I used to refer to it as trying to ride the bear, because you're on this big old animal and we're this little old company, a little tiny company. How do you navigate when the bear goes like this? Because IBM was everything. Nowadays, I ask my kids, "What do you know about IBM?" The answer's nothing. I'm like, "They dominated everything, software, hardware, services in the computer business in 1980."

They're like, "What? That ain't anymore. That's not the company. We don't even know what IBM does" basically, but they were everything and navigating that was hard. That was a big part of my life. It was a big part of my job was meeting with IBM, flying around, going to these meetings where we'd go through product development. Bill came to almost all the meetings that had a technical aspect, but not all. I would go with a bunch of engineers sometimes, if I remember correctly.

Mario Juarez: So you had two irons in the fire. You had the OS/2 work, but then...

Steve Ballmer: We kept Windows alive. Well, we had DOS.

Mario Juarez: DOS was going.

Steve Ballmer: DOS was going, but we also had Windows going, and Windows was going to run on top of DOS. So, you could think of that as kind of two things. But Windows annoyed IBM because it wasn't OS/2. How could we have a side bet to OS/2? And we said, "Well, look, we got to do something for this DOS thing." And so we kept working on Windows. I would say to a degree, I pushed that OS/2 should be our only thing. I didn't say kill Windows, but I said, "Come on, this is IBM. The bear's going to dominate."

But we kept Windows alive. And now we're in the later '80s. And eventually by late '80s, we were talking to IBM about how we position windows on MS-DOS versus OS/2. And we'd say, "Well, this is for smaller workloads. Well, this is for bigger workloads." We struggled. Later, the fact that we were trying to position the two, the FTC at the time found an antitrust violation because we were trying to divide up the market is what they articulated. It was our first antitrust issue.

And in 1990, IBM divorced us. They decided... We decided we were going to make... Windows and DOS originally would only address 640K bytes of memory. And for the design of the PC, there were reasons why it was hard to break the 640K barrier. The Intel 32-bit processor, the 386 came along. We'd already had a 286, but the 386 came along. One of our bright engineers, a guy named David Weiss, figured out how to break the 640K barrier with Windows.

And that broke the bank with IBM because now it was clear it was going to be Windows and MS-DOS were already shipping and were able to do everything OS/2 was supposed to do. I can't remember what year we shipped OS/2. I remember the slogan, "Right for today, ready for tomorrow. OS/2."

Mario Juarez: I want to say '91.

Steve Ballmer: No, no, because we were divorced in '90. We got divorced from IBM in '90. I vividly remember it. I had just gotten married. We moved out to remodel our house. My wife and I were out running along Lake Washington. I stopped to use the bathroom in The Woodmark Hotel. I saw the cover of The Wall Street Journal that basically said IBM had divorced us. So about that, I'm 100% clear. We must have shipped OS/2 late '80s and been doing this marketing promotion.

And the guy who was in charge of all that for IBM was a guy named Mike Maples, and we hired Mike. What year did we hire Mike?

Well, that's a good question. Sometime in the late '80s we hired Mike after working with him at IBM. Maybe we didn't hire him until after we got divorced. Yeah, I don't think we hired him until after we got divorced from IBM. So it must've been early '90s. Yeah, it was early '90s. Pardon me?

IBM divorced Microsoft.

Yeah. They basically declared war. We didn't divorce them. We were going to divorce them. We were riding the bear and just trying to stay on the back of this behemoth.

Mario Juarez: And so very quickly there was a pivot. I distinctly remember a meeting, a big systems division meeting, where you stood up and said, "Windows! Windows! Windows!"

Steve Ballmer: Yeah.

Steve Ballmer: There's no question, we had to be all in. There was nothing else now except MS-DOS and Windows. No, we didn't do an integrated operating system until late '90s when we shipped Windows NT, it was known, but we shipped Windows and MS-DOS as separate offerings.

Mario Juarez: Were you as confident as you appeared?

Steve Ballmer: No, no, no, no, no. We were petrified. We were going up against the bear now, and it was an all-out war. We had to go beat IBM. Now, we had applications already for Windows. There weren't applications for OS/2. Let's see. Excel first shipped in Windows. That was probably in '86 or '87. It replaced Multiplan. Word only shipped on... Did we ship Word? No. I think we shipped a character version of Word, but we had Word.

We bought PowerPoint, a company called Forethought, and we put together these applications. We devisualized. There was a lady named Ida Cole, who was running applications. I was running system software at the time. And we really knew we had to win. This was a fight for survival, and we had some tools and we got out there and we were selling. Early '90s, I remember we got our first really big Windows order.

It was from the U.S. Air Force. I remember that. We had a guy named Russ Warner, I think, running Windows at that time. It was a big achievement. Switched in there someplace to Brad Silverberg, who we hired from Borland Software. It was a battle in the early '90s and we just couldn't afford to lose it. We got some application momentum. IBM had a hard time getting OS/2 to be right, and our applications and then third party applications really helped Windows get going.

But I can't remember when I would say we "won." It was a long time because we were not viewed as a credible enterprise company i.e. we didn't make software that large companies would view as credible. And we got into the server business. And people told us for years, "You're not an enterprise software company. You're not. You're not. You're not," even as we were building some enterprise footprint.

But we probably weren't really recognized as an enterprise software company until the mid to late 2000s. Again, I have this. I can go look at every one of my calendars. I've got all the videos of old speeches, sales meetings, company meetings. So I could figure all the... I could go read, but that's my recollection today.

Mario Juarez:

One of my senses of one of the many things that you did for the company was guide it into that new level of maturity to become a legitimate enterprise provider that became trusted and eventually



quite dominant. But sticking with Windows for a second, it was a dogfight. The mouse is now trying to beat the bear. You say there's no one moment that you in a crystalline way said, "We've won this war." But what would you say were the factors? What were the driving essential factors about why Windows won?

Steve Ballmer: Applications. The fact we were agile, we could move quickly. Windows would work on the installed base of computers, but we had a way to migrate people so that their 16-bit applications could run on the 32-bit machines. That took some cleverness, but it was better to rewrite them. God, I don't even remember the full story on these things anymore. How was that? Yeah, we had some compatible way of running things. My memory does not serve me all that well.

Mario Juarez: There's a lot in there.

Steve Ballmer: No, I mean, it's interesting because a lot of people look back and remember details of everything. I don't. It's not the way my mind works. I remember things that I thought were really important. Not that were maybe really important at the time, but to me are more important in my grand arc looking backward. But I'd have to go look things up to say, okay, when did the... Windows 95 was obviously a major milestone because it was the day we could say Windows had arrived. Windows and DOS were now integrated.

They were a beautiful product. I mean, we had that with Windows 95. And did we ship them together? No. We still shipped Windows, I think, as an add-on on top of DOS. But by then, I wouldn't have said we had won with Windows 95. It was another marker in the battle against OS/2. We all go look it up, but I don't think OS/2 really... We would say we had won until sometime in the 2000s.

Mario Juarez: Yeah, because they had a small enterprise play because I think that LAN Manager was on there and they built...

Steve Ballmer: LAN Manager was our stuff.

Mario Juarez: Right. Was there an OS/2 LAN Manager?

Steve Ballmer: They had networking. Yeah, they had a networking stack for sure. They had a lot of pieces. They never really were able to get much in the way applications, and partly it's because we were the provider of the most important applications. And when we divorced, we just focused our work on Windows.

Mario Juarez: By the way, for the purposes of this, I'm only concerned about what you think is important. I don't need you...

Steve Ballmer: No, I'm not saying the things you're talking about are not important. They're not unimportant. They just didn't stick in my brain, ironically.

Mario Juarez: Well, I'm interested in as we talk about these things what did stick to your brain. That's the cool stuff. So the applications, I think that so many things look obvious or inevitable in the rear-view mirror, and people look at Office as dominant... People look at Office as a monolithic thing.

But in 1990, Word is not the dominant word processor, Excel was not the dominant spreadsheet, or maybe late '80s. And these are not an integrated thing. Talk to us about how did you drive that development from this set of disconnected, discreet, not necessarily industry-leading applications into Microsoft Office that was so successful?

Steve Ballmer: Well, yeah, I think it's fair to say that we're not all industry leading for sure. We sold them separately, until what year? We kept selling them separately forever for a bunch of reasons driven by antitrust law. But I'm going to say it was probably early '90s, late '90s, early '90s when Bill had the concept of saying, "Let's try to design these

together like they're one thing, let's package them as one thing." I moved over to run sales in 1992 and that year I know we were selling both and how do you sell? How do you push?

Well, we had good products and we were able to sell our good products, but really until we had Office, we didn't get the kind of liftoff, i.e., the integrated offering. And '92, we were figuring out how to sell the enterprises because it wasn't like you were going to sell package, package, package, nor was it the way we were selling to computer manufacturers, so-called OEMs where we would give them a disc and they would essentially print the copies themselves, so how would that licensing work? Give them a master disc. We had a lot of, you know, what was the pricing going to look like?

We changed the pricing. We sold individual licenses and then much lower cost updates, and then we changed it to be enterprise licensing. So we had to figure out some stuff that frankly, even though IBM was an enterprise company, they'd never dealt with PC software either, but we had to figure those things out to become a credible enterprise company. We had to really be seriously in the networking business. We had a battle back then with a company called Novell to build server software to run these networks. They had a special purpose operating system that only did file sharing and printer sharing essentially. We had a general purpose operating system where you could also run applications on the server, but that was important eventually to become an enterprise company.

We started out in a partnership with 3Com on a product called LAN Manager. That would've been late '80s, but as Windows NT got more and more successful, we eventually just sold essentially Windows NT as server software. We sold it first on the server even before we got it lined up with Windows on the client, which didn't happen until the late '90s, if I remember correctly, before we... I think that's right. But I'd have to go read about it.

But we did win the server battle with Novell and that helped also because to really be an enterprise company, we had to sell how these things come together. Email was an important part of that, and we were in the email business in the mid '90s. I know selling Exchange... I think we called it Exchange. We had an original product we had bought from a company called Network Courier called MS Mail, but we replaced it when we had a proper piece of server software, Exchange, and I remember being in full thrust by the mid '90s.

So now we're starting to have enterprise pieces. We're competing with IBM even on Exchange, they had bought a company called Lotus, which had a product called Lotus Notes, which was also an email system, so we were fighting IBM tooth and nail again through the '90s and becoming an enterprise company, sales, product line, etcetera. That really started, I would say early '92, '93, '94, and before we were considered credible. We started with a partnership on the database side. We acquired the rights. We built our own database server with the SQL Server product, but we had to get traction for all of those things really during the '90s.

Mario Juarez: How did you manage all of this complexity? I'm sitting here, my head is sort of spinning with the number of details and I'm trying to imagine what it was like in your shoes, not just having to set strategy and be working with Bill to think about setting a strategy, but just attending to all the minutiae and the day to day demands of leadership and having to grow all these new muscles.

Steve Ballmer: Well, remember because I had grown up with essentially everybody and everything in the company. There was a company before I got here, but there wasn't much. It wasn't as hard for me to keep in my head as you might think, because I was on top. And I have a lot of mental bandwidth. I can process information at least for appropriate levels of time. I can keep it in my memory banks,

although I can't remember things that were essential details of the battles of the '80s and '90s. I can only look them up. I got my personnel reviews too, going back at least the last 14, 15 years at Microsoft, but we started doing a little delegating, some real delegating. Not like the kind of delegation you do in a company of Microsoft's current size, but there was a guy named Brad Silverberg who was responsible for Windows 95.

There was a guy named Jim Allchin who became responsible... I think he probably joined the company in late '80s to work on networking, and they took the operating system later, but he had a team and they ran things and we did product reviews, particularly they did with Bill to review the technology strategy, blah, blah, blah. But these guys, we had guys we were delegating to for sure by the late '80s and early '90s, and that's how you do things. We were hit and miss. Some of the people we hired were excellent. Some of the people we hired were not excellent. We had to move on, but by... Let's see, in the late '80s, who was running sales? We hired a guy named Mark Ursino who was running sales to OEMs. We had a guy named Nick Roach in there in the '80s who was selling software to retail stores and a guy named Scott Oki in '83 set up the infrastructure to sell not only retail, but starting to sell to businesses, and again, there was a level of delegation.

It's not like our hands weren't all over things, but it was real delegation and maybe one of the most miraculous things is that we were, despite being very detailed and very high bandwidth, so Bill and I both... Paul by then had stepped away from the company because he had had Hodgkin's disease. But we gave people some rope, enough rope. We had learned to delegate. We were able to do that, and I think a lot of people don't and startups can choke. We knew we wanted a president. We knew we wanted to delegate.

The president, Jon Shirley, none of them ever had the technology side, but they had the business side, the sales side, and I think that was maybe a key thing is in the hiring of a president and having the intuition that we wanted somebody with those kinds of management skills and we both wanted that. The person was going to be my boss and the person was going to work for Bill, but until I moved to the technology side with running system software, and I can't remember what year we started saying... Maybe '84, we said I started running system software.

Mario Juarez: In terms of building a culture, what were your intentions? Describe those early years and what was it that you were aiming for culturally? What does it mean to be Microsoft?

Steve Ballmer: I don't know whether it was sort of that deliberate. We knew how we wanted the company. We wanted the company to be hardcore. We wanted people who work really hard, were really smart, and yeah, it gave kind of an argumentative, mathy camp kind of feel, but it was rigorous and no BS. Answers... If you didn't know your stuff, you were going to get a hard time. Not always mean, but you wouldn't leave feeling good about things if somebody basically called you. Now, sometimes the questioner might even have been wrong, whether it was me or Bill or whatever, but we were going to demand rigor, demand hard work, pushed to get the smartest people we could in every job. I'd say particularly on the engineering side. We had smart people on the other side, but there were more other things that came into play.

We were willing to deal with personalities that were difficult if the person was really great technologically, and I think those things... We gave stock... We brought in our one investor in the early days venture capitalist, Dave Marquardt, from what was then called Technology Venture Investors. He talked to us about doing stock options, so we did have some... We had a lot of esprit de corps

because we were a small company. We had a lot of esprit de corps because we were battling and trying to work with the giant of IBM. We had a lot of... Already some silos, the applications division feeling different than the operating systems division, but we had intensity. We had drive, we had focus, we put in... Oh, I know where I was going, stock options. The stock options made things a little all for one, one for all in a way, I think, that was even more helpful than maybe I thought at the time. I thought it was going to be helpful, but I actually with 2020 hindsight today, think it was essential.

So I'd say those were the key elements. We were very competitive. If somebody had won a deal against MS-DOS, that was not a good thing. That was not a good thing. People would hear about that. Bad news was traveling fast. If we were going to lose an MS-DOS deal, Bill, me, somebody has to hop in and really get in and try to win, do anything we could to win, win, win. And I'm unapologetic about that. Nowadays, people like to say, "Oh, we're not competitive. We just think big about what our customers want." At the end of the day, you have to compete.

Now, do you want to just listen to your customers? No. You want to have vision and you want to listen to your customers. Do you want to just have vision and respond to customers or do you also want to look at competition and compete? I claim if you're not looking at all three, you're being wrong from a business standpoint. And at least in the culture of the 2020s, there's some downplay about competition. Now was our environment, was our culture there a little wild and wooly? Was it a tougher culture than... Take Hewlett-Packard at the time. They had a much softer, "Let's not offend one another..." And we didn't have that. Would we have been better served by having a little of the other mixed in? I don't know. Was the culture we had, people... My wife who was working at the PR agency at the time, she would call it a very male culture.

Maybe it was, but it wasn't by gender, but maybe it reflected some things that are more prevalent in males than females. I don't know. I'm not equipped to comment but there are right answers and there are wrong answers. We're going to get the right answers. We're going to be hardcore. We used to joke that if you came in before somebody and left after them, that was called lapping them. It was embarrassing to be lapped. A 12 hour a day was half a day. You worked half day yesterday. You were only there 12 hours. And with all of that... Nowadays, people say, "Oh, you need balance to be productive." I don't know. I think the brain feeds on itself and you actually get better with more time in things, but who knows? That's the way I did things, and so I believe in it. Maybe a little bit less of that would've left more space for ideation. Hard to know.

Mario Juarez: But the winds kept coming. The successes piled up even-

Steve Ballmer: Yeah, we never had a colossal, colossal, colossal failure until... Let me see. We always thought you learned from failure, but we didn't have much. Other than IBM divorcing us and, you know, Windows 1.0 failed, Windows 2.0 failed. It wasn't until Windows 3.0, which is... What year was that? 1990, I think, that we really had any kind of a winner. But we hadn't given up, so you can't call it failure if you're working at it and making progress. Our biggest blight was the... What was that version called? Which was our bad version of Windows?

Mario Juarez: Vista.

Steve Ballmer: Vista.

Mario Juarez: I see you pushed that out of your mind.

Steve Ballmer: No, I can tell you the whole history of that and why we did a bad job and what caused it to happen.



Mario Juarez: Tell us that.

Steve Ballmer: I can tell you all of that. I just couldn't remember the name in the instance. But what happened? We had shipped, I guess, Windows XP and then we said... No, XP was the fix to Vista, so what would've been the last version of Windows that we had launched before-

Mario Juarez: 2000?

Steve Ballmer: Windows 2000. Exactly. And so we had launched Windows 2000, which, not surprisingly, shipped in 2000. And we said, "Well, we have to go big, long term." And we came up with this concept of Longhorn, which was going to change the way screen was managed and graphics was done, was going to change the file system, and we thought we still had the power to get the whole world to change with us. Even though more was moving to the internet. First mistake. We really didn't factor in the degree to which the client side operating system would stay the center of the world. Bad product judgment.

Number two, we worked on it too long. It was too long before we accepted failure and we should have accepted failure sooner as opposed to just saying, "We're hardcore. The world's going to wait for us." Now, that had the disadvantage, first of all, of not having Windows released, but we also had so much talent tied up in the early 2000s on this thing that we didn't have that talent to apply to other priorities like the phone.

So it was sort of a triple whammy. Windows isn't chipping. We finally admit failure. And we switch and we have a bunch of garbage that we'd already kind of put in and we couldn't take out of Windows 2000 anymore. So the product we ship eventually, Vista, is not a very good product. What year would we have shipped Vista? I want to say it's probably 2006, maybe longer. It was like six years or more between versions. We screwed up the same way, by the way,

on SQL Server. We had another five, six year gap in releases of SQL Server, but those mistakes were bad. When I think about real failures, the Vista... Not just Vista because it wasn't a great product, but Vista for all of the IQ and brain power we had tied up working in essentially on what was of almost no value on top of Windows 2000. That was actually the biggest miss, the biggest failure we had was never making Longhorn and if we had made it, would it have been as relevant as we thought? Maybe not.

So you're right. We didn't have missteps until that one and the full ramifications of that misstep, I only in reflection probably in 2010 did I realize how pernicious it had been. Because some other things people say, "Well, you missed X, you missed Y." Well, we had our talent tied up, both our SQL talent and our Windows talent tied up in a way that gave us no essentially brain power flexibility. We couldn't switch resources when they're in the middle of these things. And I was CEO, so I take a bullet. Bill was chief software architect. He's got to take a bullet. Those were our big... And the people working on the project who couldn't admit reality. I remember finally a guy named Brian Valentine who was not the top-top guy, but he really ran the ship. He said, "Look, this emperor called Longhorn has no clothes on it." And we switched path. That was failure.

Mario Juarez: At the same time... So we can go a couple of directions here. We could talk about the failures and all that you learned from that.

Steve Ballmer: We did the bulk of that. Look, all of the other things were kind of knock-ons to that.

Mario Juarez: But there was also so much work that was happening in... When I think of your tenure, I think of you as somebody who laid the foundational groundwork for all the successes that would really come to full flower after you left, many of them, but also-

Steve Ballmer: I don't know about that.

Mario Juarez: Well, it seems like I'm thinking specifically about the company's success in the enterprise.

Steve Ballmer: I think that came to fruition before I left. I don't think that's a modern-day phenomenon at all. If you ask me... Look, I can give you a perspective, the good, the bad, and the ugly for me personally. When I look back, I feel really proud that I put the company on the right path, hiring the right kind of people, smart, and we created a culture of success. I personally feel a lot of pride in that. I feel a lot of pride in Windows. I feel a lot of pride that we became a company when we might not have become a real company. I feel a lot of pride in the fact that we are an enterprise business, and I know that happened under my watch in sales as well as coming to fruition. I feel really good about that. I feel really good when I left, but we were about... I don't know, \$80, \$90 billion in revenue and we were two and a half million when I got here. I feel really good about that.

We were really profitable. I feel really good about that. We navigated away from stock options to stock when everything... There was turmoil, dot-com bubble, navigated through it. Had to replace stock options with stock because of the way accounting changes and the bubble worked. Feel really good about keeping the people systems in place and really working throughout that time. No, we went through the antitrust bubble or problems. That's when I was CEO. We went through 2008, the economy falling apart. We went through the dot-com bubble. There were a lot of messy situations that I feel good that we navigated well.

We started Xbox. We really got into the enterprise. I already said that. We started Xbox. We started our search business, which I think was a great predecessor to what the company's now doing in AI.

We navigated to the internet, a lot of credit to Bill. I feel like I really got us started on the cloud. We started Azure. We got Office 365 up and running. The movement to the cloud is... I'm glad I started it, but it really came to fruition after I left and I think the company's doing a fantastic job on that.

Steve Ballmer:

I said search because search, it still hasn't become a major business, which is what it was supposed to do. On the other hand, a lot of the important technology learning that is important in AI, those skills were built up. Things I feel bad about, the thing I feel worst about is the phone. We were in the client side business, but our business model was never going to work for the phone. Android was free. We were trying to charge a royalty, and Apple had an integrated product that really worked. Our business model was wrong. Our talent had been tied up on Windows so long we couldn't free talent as quickly as we needed to really work on the operating system for mobile. The innovation that I think Apple did a lot of things right, but they convinced the carriers to subsidize down the price of the device.

I am notorious for saying, "Nobody's ever going to buy an iPhone. They're too expensive." And people love to take that quote, but there was an innovation business model. Most great things have to have a technical innovation and business model innovation. The iPhone, they got the carriers to subsidize things down to the point where they were affordable and everything else came from there. So I feel really good about a lot of things and people say, "What do you feel good and bad about?" A lot of people just focus on 2000 when I took over CEO to 2014. I think about 2014 going back to 1980 because I was number one or number two person in the company for that whole period of time and feel a lot of pride and I know what I missed. I don't kid myself. I talked about the Longhorn thing and the double ramifications, the phone. And I know why we missed and what we missed about it.

Now you could say we missed search, but those things were outside our wheelhouse. The phone was inside our wheelhouse. It was a client-side device. So that's the thing I feel worst about in terms of missing. When Microsoft got started, Paul wanted to write every piece of software that would ever be required for any of these sort of microprocessor-based... Which was naive, but we had that attitude. We always thought if we could hire more people, we could do anything. And we did a lot of things. But the truth is we were never going to be able to do everything. We couldn't hire and onboard and move people quickly enough and have the insight. The insight to do social networking, it was not our insight. There was no way it would've been our insight. The phone, we knew we needed to do. The phone, we were focused in. The phone, between the business model and the technical model and not getting the resources freed up soon enough, the phone is the one I feel bad about.

Mario Juarez: One other aspect of the company, and it's been sort of between the lines of what you say is the cultural impact that Microsoft had on the world. And it went from being this small company in the woods in Seattle to something that really changed the world, that actually had broad cultural impact. When you look back on that, how do you feel about that? Was that a surprise to you? Was it something that was expected and how did you register?

Steve Ballmer: I told you earlier in this conversation that things were kind of one day at a time. We invested for the opportunity, but we didn't expect the growth. That's partly why Microsoft was the most profitable company around. Other companies would just sort of, "Okay, to get an extra dollar of revenue, I have to invest 30 cents." No. We were investing in the things that would really matter to us in the future. So you can say, "What did I expect?" I don't know what I expected. It wasn't even relevant because it wasn't the way we approached the thing. "We got to do our job today. We got to ship great

product today. We've got to compete today. We got to grow profit today, today, today. And we got to make the investments that are going to let us continue to do that. Boom." Now, if I look back from today, I say, "Wow, while it didn't feel amazing day in and day out, hey, we built something amazing. We really did. An amazing company."

And Bill, me and Bill, me, Satya, and of course, it's really all about the teams of people underneath us. It's really quite remarkable. My wife has a thing... We're doing some philanthropy and other things together and she says, "We need to hire somebody who's older, a 25-year-old can't do that," or whatever. It's not ageism exactly, but you just say, "Hey, that person doesn't have enough experience." I said, "I was doing those things when I was 25." And yes, I'm a capable person. I have more natural tools than many people. But I also think what people can do when they're young is pretty amazing. And we did what we needed to do when we were young.

And you look back at the arc and you say, "Wow, that's something. Something really happened." There is a computer on most desks. There is a computer in most homes. While we didn't drive it, there's a computer in most pockets and they're all connected and it is... And some of it's the industry, but a lot of it was our contribution. I would say Microsoft released the company that democratized computing, made it something that everybody can use, gave it a purpose for people to use, and I'm pretty proud about that. I'm proud of the fact that we went from essentially zero to \$90 billion under my watch. I feel pretty good about that, and I feel great that we've gone from \$90 billion to whatever, close to \$300 billion under Satya's watch. I've not held on to all my shares, but I've held on to the lion's share of anything I ever got. And guess what? I'm proud I did that because I believed in the company. I believed in the people and I continue to believe in the company.

I believe in the leadership of today, of Satya Nadella, the people who run the product divisions. I believe in those people and I think... I look back and say, "Wow." And I think when Satya retires someday, he'll look back and say, "Wow." For the things that preceded him, but also his generation. It's not like things... The success and what Microsoft's building the arc of that has changed. Now it's different to go from big to very, very big. We did that a couple times and now Satya's going to very, very, very big. People used to say, "Oh, Microsoft made so many millionaires in the old days." I'll bet Microsoft's made far more millionaires, inflation adjusted, in the last... Well, since I've been gone the last 10 years, the stock's up a factor of eight, about, since I left. The stock was up infinitely, you can say, since the time we incorporated. But the company continues to deliver for its employees, and the employees continue to deliver for its employees, and the employees continue to deliver for the company. So I look back, you know, the only thing that's different is, we were doing this stuff when we were... It's not like we had 10 years of training, or 10 years of experience. The people who run the company now, they're great, but they had a lot of experience before they took these jobs. Bill, me, Paul, we didn't have any. We had really no experience, and we were still able to get it done, and it doesn't even amaze me. My wife thinks it's amazing, and I think, "Eh." It didn't feel amazing day in and day out. We just did it.

Mario Juarez:

That's great. One aspect I'd love for you to reflect on is this overlay between the past and the present slash future. And when you think back about Microsoft, and the company that you helped forge, and the driving factors, the key elemental factors of success. Can you talk about which ones that you still feel are essential to the company's success today? When you look back on, think about Microsoft, and see where it's headed now?

Steve Ballmer:

Okay. Many senses, I can't say, I'll say a few things. But people tell me, "The culture has changed," and then I talk to other people, and it doesn't sound like the culture has changed at all. I don't really know. The company is delivering great success. I don't know kind of what happens inside the igloo anymore. I'm outside the... I mean, I stay in touch with, I do a quarterly investor call. I'll ask Satya questions about things that are going on, and he'll hook me up with somebody on the management team to walk me through something. But I'm not inside the operation, so I can't talk about what are the cultural elements that are now propelling the company. I just don't know. I'm not there. Whatever it is, mostly seems to be working, and there's some things that I'd say the company can do better.

But certainly the way the cloud has taken off, great. The acquisitions that have been made, the GitHub acquisition, the LinkedIn acquisition, great acquisitions to make. I think Activision will be, but I think it's too early. So I think the company's been great at acquiring where it needs to. It has really done a good job of propelling the key thing it needed to, around the cloud. But the thing it must continue to do is embrace the big bets of the future. Now, I am so delighted that the company did the deal with OpenAI that it did, to be in the AI business, because that's the big bet for the future. And at the same time I could say, "Hm, how did they miss that? Why did they have to spend all that money externally?" I've been there, done that, so that's not a fault. Because, knew there was a problem, Satya got on it, fixed the problem. With a deal that sounds quite favorable to the company. It's his equivalent to having to go buy MS-DOS from Seattle Computer Products. It's just a lot more expensive. We paid \$21,000.

But to continue to be able to make them, and have them work out. The company must do that. It can't just be an acquisition machine. And I know that's not what it is, but that principle needs to sustain



itself. You look at big pharma companies, they don't always do a good job on R&D. A lot of what they do now is buy smaller companies, which is fine. You've got to be agile, you've got to be able to do the business deals with third parties, but you should also be generating those innovations which are essential to the future. And I know the company needs to do that, and whatever the internal process is to get there, got to get there. And whatever the things that need to be fixed, whether it's through acquisition, licensing deals, got to stay agile to do that.

And I praise the company on that. It's not like I don't think the company... It's just hard. I have this thing I like to talk about when I teach class, that most companies are what I call zero-trick ponies. Either they fail, or they just never do anything that important. That's a zero-trick company. If you can do one trick, you are an amazing company. One great trick, you are an amazing company. So let me characterize, right now, I'll characterize Facebook as primarily a one-trick pony. But it's an amazing company. They do phenomenal work. Yes, they bought Instagram, but it all fits together. And it's an amazing trick. And most, you are a lion of industry if you can do one trick. But if you could do two tricks, wow. Amazon, two tricks, retail and AWS, the cloud. Apple, Mac and iPhone, or miniaturization, I would say. Two tricks. Amazing. Amazing to do two tricks.

Microsoft. Desktop computing, the enterprise, migrating those things along is the cloud. The cloud's not a new thing. It's a migration of enterprise computing and desktop computing. It's a migration to the cloud. Microsoft, I call it a half a trick. I joke with Phil Spencer who runs the gaming business. I think the gaming thing can really be a trick. You can do two, you can do two and a half. You can sustain those through technology disruption, like the cloud. You can propel them forward, but now, now, there's a new technology. What's the new trick Microsoft needs to do? What is

the innovation that Microsoft needs to do, either to sustain what it has or to build a third trick? That's the challenge that's in front of the management team here.

I love the management team. I have great faith in the management team. Most of the folks I know reasonably well, because they were around. Satya, Brad, Amy Hood in finance, Kathleen Hogan in HR, Rajesh was here, runs the applications division. Scott Guthrie. So I feel like I have some connection and I say, "Yeah, those are talented," Phil Spencer who runs gaming. Those are very talented people. Let alone the talented people who I don't know, or don't know as well, because they were very junior perhaps, when I left Microsoft. But I have a lot of faith in the company, and the management team. And yet, doing a third trick, or navigating technology disruption in your existing tricks, whoa, is that hard. Great management team, really hard stuff. And I'm hopeful that there's a third trick, and the continued navigation of the disruptions that could screw up the earlier tricks.

Mario Juarez: Awesome, awesome. So let's do a little lightning round stuff, here.

Steve Ballmer: Great.

Mario Juarez: And I'll throw these out there. If you can respond to these back and sort of answer the question, so there's like, "Greatest contribution that you made to Microsoft."

Steve Ballmer: People. People and culture.

Mario Juarez: People and culture. Those are two different things. Talk to me, who are the-

Steve Ballmer: Do you want... If it's a lightning round, I'm going to give you short answers. What do you want?

Mario Juarez: That's great. No, that's good. That's good.

Steve Ballmer: People and culture aren't two different things. You hire people who want to be in your culture. I mean, those two things, the people you hire do become your culture. The leaders who are in place weren't always leaders. The culture is defined by the people, and by their leaders, and the leaders are defined by the people who they were and the leaders before them. So no, I think they're the same. And you asked me what's my greatest contribution? It's recruiting great people, and putting them in an environment where they were hardcore. They learned how to be intense, they learned how to get things done, they learned how to care.

Mario Juarez: Most cherished memory.

Steve Ballmer: My most... Cherished is a funny word. The thing, my times of sort of weird enjoyment. We're doing mid-year reviews with our subsidiaries. You go through every part of the business. I remember we were adding it up one year, in a week, we worked 112 hours. That's a lot of time if you look at it, whatever it is, 168 hours in a week. And we were working 112. But the intensity, the magic of seeing it all, the people. I have such great memories, and some of the people I think of most fondly, it's because we went through those kinds of intense sessions together.

The Windows 1.0 launch. Cherished memory, I would say.

My first day back. My mom died in 1997, and I'd been out with my mom for seven weeks, she was in intensive care. And my first day back, I remember there was a group of people I gave a speech to that day at the reception. Cherished memory.

Mario Juarez: What do you think that you don't get enough credit for?

Steve Ballmer: It's not a relevant question. I mean, I know what I did, and I feel good about it. I talked about, earlier we talked about, the enterprise, the people. There are things I feel good about, and there are things I don't feel good about. People, if you believe the written dialogue, I screwed up most of what I touched, because the stock price didn't move much in my tenure as CEO. No, I know I did great work. I can tell you all the great work I did, I feel really good about it. It doesn't matter to me what somebody else has to say, because I'm not going to change anybody's narrative.

It is interesting, there's a podcast called Acquired that does in-depth podcasts about various companies, and it's doing its Microsoft podcast. It's going to be three episodes. The first one was three plus hours, the second was four plus hours, and they've got another one coming. And they do a very good, balanced job. I can listen to that and say, "Yep, they got it right." The things I would be proud about, the things that didn't go so well. I think they do a pretty good job. But everybody wants to quote the iPhone, what was my exact quote? "iPhone is never going to be anything," or something. A, we were competing, and B, it was before the innovation that brought the price down came out. But that's never going to be in context. I said some things about Linux, and the company is in a different place now, and is embracing Linux. I'm never going to live those things down. And at the same time, there's so much I feel really positive about. And I can't worry about the external narrative. I don't control it.

Mario Juarez: What do you think you get too much credit for?

Steve Ballmer: I think every CEO, including me, gets too much credit for how the company did on their watch. And things they did less... Things the company missed, the company gets too much blame? No, you don't get too much blame. You can never get too much blame. Because ultimately, the CEO is the only person that can change

anything. But you can get too much credit for things that other people did very well on your watch. I don't think that's any more or less true for me than any other CEO.

And if you look at the grand arc... One of the things I find most interesting is, whether it's giving credit or blame, people tend to look at my last 14 years. If you ask me, when did I do my best work at Microsoft? I did my best work in the first three or four years. I did my best work... Yeah, call it five years. I did my best work when I moved to sales, call that '92 to '97, and I did my best work 2008, until yeah 2008, 2007, until I left in 2014. It wasn't like I was doing bad work. But those are the times when I feel like I most touched the company, when I most made a difference.

And each of them has something that associates, the first one is about people and getting the people and culture right. Getting Windows right. That's phase one. Phase two is starting the process, really, of getting the enterprise right. Then we went through a dog day. I mean, I spent a lot of time just cleaning up the antitrust mess, and the dot-com bubble mess. And I feel really good about helping the company navigate through messes, but I can't say those are my most productive periods. It doesn't feel that way. But we had a lot of messes to get through.

And then the last period is really the period where gaming got going, and we made the transition to the cloud, and about those things I feel really good. But episodically, I see things kind of that way. That was not a lightning round answer.

Mario Juarez:

That was a great answer. That was great. If you traveled through time and you, instead of being 1980, arrived here today. Would you go work at Microsoft, and what would you do, and what would you say to that guy?

Steve Ballmer: I don't know. 1980, I thought I was going to join a larger company, honestly. Hell, I'd interviewed at Ford Motor Company, and Progressive Insurance, and I was seriously considering jobs for the summer in business school with those two companies. I'd been offered the assistant to the president job at Progressive Insurance. I had met with the, I think he was already president, of Ford. I saw myself in a big company. My dad had worked in a big company. And I'm glad I didn't join a big company. I went to Procter & Gamble, had a little bit of experience, but things were kind of wild and crazy, and it turned out that fit my personality. So if I was talking to somebody coming out of college today, or about that age, I'd probably say, "Look, you really have to decide if you think you can make a real impact, whether it's in a bigger company or smaller company." Because big companies aren't this big companies. They're groups of little companies, with some big company things that tie them together.

If you think you can go and make a real impact, and you're really going to love your job, then you should do it. I mean, it's not like I'd ever tell somebody, "Don't take a job at Microsoft," or any other big company. I would not do that. And frankly, as I said, most companies just don't amount to much of anything. It's not like I say, "Oh, start-ups. Start-ups are all great." No, they're not all great. A lot of them have bad ideas. They don't go anywhere. They're poorly executed. So I don't lionize one or the other. I don't. And I think kids have to think that through. If you want to work really hard, make sure you find an environment... I run a little project called USA Facts to publish government data, and we hired kids right out of college. The first ones said, "We want to work harder. We want this to be like investment banking, or consulting. We just have to work, work, work, work, all the time." Which delighted me.

So of course we give them more opportunity for that now, even though we're in the modern age, where this work-life balance thing

gets discussed more. Some kids are going to want to bust it like that, and some kids are going to have more work-life balance. And I think when you consider a company, big or small, you got to think about that. I don't think people bust it the same way they did back then, but I don't know. Maybe they do, or they do in pockets. They can do it in pockets in big companies. They can do in some start-ups, but they don't all work that way.

Mario Juarez: Let's look forward. So you are, you've walked away with... That's actually maybe the first good question. What did you walk away with, when you left Microsoft? What did you walk away with that propelled you into the next chapter of your life?

Steve Ballmer: The first thing I would say, at sales meetings, company meetings, I used to use music. Both opening music and closing music. Not only to get people excited, because music is something that can bring people alive, but I always tried to have a theme. And my theme, the music I picked to end my last company meeting with is (I've Had) The Time of My Life. That's the number one thing I took with me, was just incredible joy, incredible pride, and incredible sense of having done something.

And an incredible curiosity about the next thing I could do, that would be the time of my life. My life wasn't over. I don't want to look back at Microsoft and say, "Oh, those were the best days in my life." No, I want to say, "They were all the best days in my life." Not just this period, or this period, or this period. It's just another chapter. People ask me, "Are you sad or happy you left Microsoft?" I say, "I had a great time at Microsoft, and I have a great time now. And they're both great." So there's no sense of saying, "That was great then, this is great now."

How did Microsoft set me up for that? Well, first, obviously financially it gave me a lot of ability to pick and choose what to do.

I did start this thing, USA Facts. We do have a team that... I pay for the team, there's no revenue model, it's not a business, but we publish government data in an understandable form. Well, Microsoft gave me the luxury of being able to do that. I work with my wife and son now, in our philanthropy. Microsoft gave me the resources to do that. I own a basketball team. We built an arena. So in a go-forward sense, it gave me all that.

It also gave me, though, skills in picking people. It also gave me permission to think big. And a lot of people don't have permission to think big, but we sort of did early in Microsoft, and that's just a part of me. Think big. My wife will comment some that, on some of the bigger ideas in our philanthropy she says, "I just wouldn't think as big as you do." It's because she's not bright, and has good judgment. She's all about those things. But I've had permission, or I gave myself permission, or Bill and I gave each other permission, to think big.

Think big, pick good people, have a certain kind of culture, not... I don't fit in every culture, but it gives me a chance to have opportunities to work with people who share my belief on how things happen. You could say, "Hey, I should learn more new tricks, different cultures," but I think we built a great business here. It might not help me in some things, but it's just kind of how I am. So people, culture, think big, have resources to think big. Those are some of the things that I would say Microsoft gave me.

Mario Juarez: That's fantastic. Anything else you want to talk about? Do you have a favorite Microsoft memory?

Steve Ballmer: Well, I talked to you about mid-year reviews, and the people who came, they would say they're probably their most intense memories. I bet some of them even, by now, would say they're very good memories. At the time, maybe they wouldn't have, but I'd cite



mid-year reviews. I just love diving intensely and deeply into the business. So I would certainly say, that.

What else would I really highlight? My trips and subsidiaries, working with the people in the countries. I love foreign culture, and what's going on, so I loved that.

Mario Juarez: Yeah, you ...

Steve Ballmer: Whether it was Japan-

Mario Juarez: ... make this company-

Steve Ballmer: ... or Serbia-

Mario Juarez: ... international, didn't you?

Steve Ballmer: Well, the company, we had all that momentum. But yeah, we definitely spread when I took over sales, in 1992. So I have a lot of good memories there.

I have a lot of good memories about running Windows 1.0 development, working with the developers, Steve Wood, Neil Conson, Marlin Eller, Mark Cliggett. Who else was on that team? Oh, what was that guy's name? Dan Lipke. I remember a lot of those guys, at this stage.

Mario Juarez: There were a lot of great people at the time.

Steve Ballmer: So that was a lot of fun. Working with Brad Smith, working on pain in the ass issues, and always having his good positive humor and cheer. A lot of that being antitrust issues, or other regulatory issues. They're never fun. And Brad's maturity and professionalism, so working with him, I definitely list. Working with Jeff Raikes, always had a good time and continue to see Jeff regularly, and have a

good time, a good time with that. What else would I say, for particularly...

Mario Juarez: How about Giving Campaigns?

Steve Ballmer: Nah. I don't have any particular... Look Giving Campaign, to me, is kind of a weird thing. Obviously, we do philanthropy, I believe in it. I have a problem at first with the Giving Campaign. Is it the proper role of the employer to encourage people to give money, maybe to the point where they might feel like they had to? Proctor & Gamble, I think, at least back in the day, went over the edge. Like, "Hey, unless you give in the United Way sense, your fair share, you better watch it." I don't think it's an appropriate thing for a company to put pressure on people to spend their money in certain ways.

And so I actually, initially, had some misgivings. About, it was originally a United Way campaign before it became the Giving Campaign. And I thought the Giving Campaign was better. It's just, "Hey, if you want to give away money, we'll provide infrastructure to do it. And we'll match what you choose to give away." That, I felt better about. But if you ask me, "Hey, is that one of my top memories?" Nah.

I always enjoyed our company meetings, and sales meetings. I enjoyed the camaraderie, the esprit. I got a lot of fun nervousness. It's the most nervous I'd get every year. The camaraderie of preparing for our financial analyst meeting, it wasn't the session with the analyst, it was all of us backstage talking about the business, the leaders of the various parts of the business. A lot of it has to do with fun and camaraderie, if you ask me those questions, I would say.

Working with Dave Cutler, who was the original architect on Windows NT, famous, unbelievable developer. God, that guy was fun to work with. Still a friend. But that guy was, he used to have...

When you develop software, there's a thing called the build. It's where all the software developers put their stuff together, and Cutler had a picture, this was in the late '80s, when you could get away with this stuff. He had a picture of him gutting a deer, because he was a deer hunter. He's gutting the deer, and the sign on top of it says, "If you break the build, this could be you." It's just hard core, intense. We're going to do things the right way, the professional way, obviously a little harsh way. Wouldn't necessarily do it the same way now. But working with Dave was great, great, great fun.

Mario Juarez: So great. How do you want to be remembered? Who you are, for posterity? Or do you even care?

Steve Ballmer: I mean, look. How do I, remember for posterity? I'd like to remember as a great dad to my kids, really, at the end of the day. And a great husband to my wife. Beyond that, yeah, I'd like to be identified as one of the three people who really built Microsoft into a real business. Bill, Paul, Steve. And that's how I feel about it. Paul had some initial vision. Bill knew how to bring that, really, to life. I knew how to take it to another level. And it took the three of us. And it wasn't just the three of us, but I think the three of us really created something that is remarkable. And yeah, I'd like to be remembered as one of the couple or three folks, the three folks who really led that effort. Yeah, that's what I would say. From a professional standpoint. And I'd like be remembered as a person who won an NBA, whose basketball team won an NBA championship, but we don't have that yet.

Mario Juarez: Well, there's always something to look forward to.

Steve Ballmer: And we built an amazing, we just finished building an amazing new arena, the Intuit Dome. Ironically, Microsoft tried to buy Intuit in the day, but they're our building sponsor. And as much as any product at Microsoft, I had vision for what I wanted our new arena to look

like. And it was fun doing product development again. I knew exactly what I wanted in the bowl. I knew exactly what I wanted in the markets. I knew exactly what I wanted in the toilets. And it was like doing product development again, and I'm real proud of what we came... And Microsoft should be around a long time, and this arena will be around 30, 40 years from now.

Steve Ballmer: So I'm pretty proud of that. And if we get a championship soon, for me, under my watch, that'll be there forever.

Mario Juarez: Well, yeah. Maybe you can get us a basketball team here, too. Hell of a ride, man.

Steve Ballmer: Well, thanks.

Mario Juarez: Hell of a ride.

Steve Ballmer: Thanks for your time. Appreciate it.

Mario Juarez: Thank you so much. This was incredible.