

THE FEARLESS LEADERS LIST

THE INDUSTRY PLAYERS WHO SIT AT THE TOP OF THE GLOBAL SILICON VALLEY POWER STRUCTURE

ALWAYSON PUBLISHES FOUR TOP LISTS A year; one for each print blogazine we publish. In the Spring issue, we'll unveil the OnHollywood 100, representing the top digital technology companies in entertainment, media, and advertising. Our Summer issue features the Open Media 100, which identifies the power bloggers, social networkers, toolsmiths, and investors leading the open-media revolution. In the Fall, we publish the AO100—a list of the planet's most innovative private companies across all technology sectors.

In this issue, we proudly introduce the first annual AO Power List, which identifies the CEOs, technologists, dealmakers, and pundits with the power to make or break new technologies, new companies, and new industry sectors. To determine each list, we informally survey global influencers and chat up insiders when we run into them at airports, industry events, having breakfast at Buck's, or pumping gas on Sand Hill Road—whatever it takes.

This year's AO Power List comprises 55 people in six categories. The FEARLESS LEADERS are players so influential that even if they aren't pursuing the best strategies

or coolest products, they have a huge impact on their industries. The FAST 20 CEOs are Fearless Leaders in the making—a few could move up next year. The TOP TECHNOLOGISTS have grand dreams about changing the world. (At AlwaysOn we admit to secretly thinking the geeks are the coolest category.)

The Dealmakers are the folks whose firms review thousands of deals and choose the companies they want to bet on, merge with, acquire, or take public. Our PUNDITS are the tech gurus and visionaries whose opinions can strongly affect the prospects of emerging companies, products, and services. Finally, the WATCH LIST includes still-powerful leaders of historically influential brands who are either consolidating shrinking markets while trying to kickstart new ones, or are taking over new operations.

We admit that our evaluation process is far from a perfect science. When we post the final results on the AO site at www.alwayson-network.com shortly after publication, we encourage feedback and an ongoing dialogue about the list all year round. And if you or your company didn't make it this year, there's always next year. Keep us posted on your progress.

FEARLESS LEADERS

Having "been there and done that," these folks still have a major impact on their respective industries, no matter what they're up to.



▶ Herb Allen Jr.

COMPANY: Allen & Co.
TITLE: CEO
AGE: 65

▶ **CONQUESTS:** The biggest ticket in corporate America is an invite to Herb Allen's annual Sun Valley, Idaho retreat. Everyone from Warren Buffet to Rupert Murdoch and Bill Gates to Oprah Winfrey flies in on a private jet. The investment bank that bears Allen's name serves variously as investor, underwriter, and broker to some of the biggest names in entertainment, media, and technology. Most impressively, professionals at the firm are expected to invest in all the deals they want to do, and Allen lets clients determine how much he gets paid on a deal. While Allen strives to keep the firm under the radar, it's had a quiet hand in some fairly high-profile mergers, such as Seagrams (now part of Vivendi Universal) and Universal Studios, Hasbro and Galoob Toys, and Disney and Capital Cities/ABC. In 2004, the firm participated in Google's IPO, polishing its tech credentials, and advised Adelphia Communications on its \$17.6 billion sale to Time Warner and Comcast.

▶ **CHALLENGES:** Allen recently ceded control of the firm to his son, Herb Allen III, whom we have known for a long time and is a really solid chap. With the convergence of technology, media, and entertainment in full swing, Allen & Co. should keep up the 40% average return the firm has maintained since the 1980s.



▶ John Chambers

COMPANY: Cisco Systems Inc.
TITLE: CEO
AGE: 56

▶ **CONQUESTS:** John Chambers was named CEO of Cisco Systems in January 1995. He's grown the company from \$1.2 billion in annual revenues to its current run-rate of \$25 billion, making him one of the most respected and listened-to CEOs on the planet. His vision for the company is simple: "Help anybody access any information in any format anywhere in the world over any combination of networks." In 2005, Chambers showed us he was dead serious, when he shelled out \$6.9 billion for Scientific-Atlanta in a move that would create a one-stop destination—and a market leader—in distributing television over the Internet to living rooms. Most recently, Cisco has focused on the delivery of software-as-service for small to medium businesses. Additionally, Cisco will spend \$1.1 billion building out its Indian operations over the next three years—the company's largest investment outside the United States. While he admits that the network build-out has not been perfect, he believes wholeheartedly that it's "one of the great equalizing forces in the world."

▶ **CHALLENGES:** Many analysts applaud the strategy behind the Scientific-Atlanta deal, but they are mixed about what it means for Cisco's long-term growth. It could make it more difficult to achieve the 10% needed to keep increasing Cisco's stock value.



▶ Michael Dell

COMPANY: Dell Inc.
TITLE: Chairman
AGE: 40

▶ **CONQUESTS:** Dell continues to be the top PC maker in the world. Its U.S. market share, which is north of 33%, should rise since IBM just traded away its PC operations. With Kevin Collins as the new CEO, Dell still runs a tight ship. On average, it takes just one employee five minutes to build each PC, making labor only 2% of its cost. Dell does believe in diversification. He owns the Four Seasons hotel in Maui and huge stakes in IHOP, North Western, and Steak 'n Shake. He is also close with hometown buddy, president George W. Bush, whom he advises on tech issues.

▶ **CHALLENGES:** While the company's revenue is still in the double digits, the company missed analysts' estimates last year for the first time in four years. Dell has only two ways he can hit the company's stated goal of reaching \$80 billion in revenues by 2008 (compared to \$49 billion last year). First: aggressive international expansion. Second: move the brand beyond the PC. "The best thing that ever happened to Dell was the HP/Compaq merger," Dell bragged to AlwaysOn. He should feel the same way about IBM dumping its PC business to a Chinese owner. But HP is looking like it's finally gotten past the merger chaos, and the Chinese can be a powerful low-cost supplier, which could hit at the heart of the Dell advantage. Dell will have his hands full in 2006.



▶ Barry Diller

COMPANY: InterActive Corp.
TITLE: CEO
AGE: 63

▶ **CONQUESTS:** Barry Diller already did what Rupert Murdoch is trying to do. That is, buy up a bunch of proven websites and build an Internet-based empire. In 2005, Barry plunked down \$1.85 billion for fourth-ranked search engine Ask Jeeves, and there is

no sign he is letting up. "I am still in charge because I am still curious," he says. Last summer, he split his conglomerate into two companies: travel properties (Expedia.com, Hotels.com, and Hotwire.com) and other e-businesses (Home Shopping Network, LendingTree, CitySearch, Ticketmaster, Match.com, and Ask Jeeves).

▶ **CHALLENGES:** No matter how Diller plays it, he is still in a fierce battle with the big guns Google, MSN, and Yahoo in the search business—and over online ads. Despite 62 million visitors a month and surging profits, InterActive's stock is still 33% below its July 2003 high.



▶ Bill Gates and Steve Ballmer

COMPANY: Microsoft Corp.
TITLE: Chairman (Gates) and CEO (Ballmer)
AGE: 50 (Gates) and 49 (Ballmer)

▶ **CONQUESTS:** These boys met at Harvard and have been working together since 1980 (Ballmer joined Microsoft that year as 30th employee). Together, they created the biggest, most most power software company in the world. Ballmer took over as CEO in 2000, with King Bill focusing on technology strategy. Microsoft's current plan is to try to get sales back up in the double digits by cashing in on its \$1 billion investments in the new Xbox 360 game console and mobile phone services. Additionally, Microsoft is transitioning its core PC software empire from a shrink-wrapped to a software-as-service model—inspired by CTO Ray Ozzie (see Ozzie's profile in the "Watch List" section). Gates boldly predicts that Apple will end up losing its early lead in music players as it did in the PC business, and has introduced software to turn mobile phones into music players to prove his point. For his part, Ballmer has been touting Google as a "one-hit wonder."

▶ **CHALLENGES:** In July 2005, Microsoft posted its first-ever single-digit annual revenue growth rate of 9%, and its stock has been flat for several years. To solve this growth problem, the boys need more than one blockbuster out of the Xbox and the search and mobile phone businesses, while also successfully transitioning their core software business without losing revenues. This will be a mean feat to accomplish.



▶ Steve Jobs

COMPANY: Apple Computer Inc.
TITLE: CEO
AGE: 50

▶ **CONQUESTS:** When it comes to leading user-interface design—and producing crisp, clean brand marketing and advertising—Steve Jobs is the *man*. Apple's stock price increased more than 200% last year, making it one of the best performing stocks in the S&P 500. Jobs has achieved this success largely by selling seven million iPods, which had a tremendous rippling effect, drove more Mac sales, and boosted traffic at Apple's very fashionable retail stores—there are over 125 of them in all the world's trendiest spots. The new video iPod, introduced in October 2005, shows video clips and was off to a fast start, selling more than a million video clips in the first 20 days. Add up all the good news at Apple and a string of blockbusters produced by Jobs's other company, Pixar Animation Studios, including *The Incredibles*—and Jobs is the biggest rock star we have in geekdom.

▶ **CHALLENGES:** The biggest challenge Jobs faces is his continued insistence on pursuing proprietary standards in an increasingly open-standards world. MP3.com founder Michael Robertson has much to say about this issue in his interview on p. 20. In terms of worrying about PC market share (Apple's is rising, but still in single digits), our view is that Jobs owns 100% of the Mac market, which isn't all that bad.



▶ Rupert Murdoch

COMPANY: News Corp.
TITLE: CEO
AGE: 74

▶ **CONQUESTS:** In 2005, Rupert Murdoch woke up and decided he might have missed the Internet opportunity after all. Since his revelation, Murdoch's media group has pledged up to two billion bucks to get back in the game. News Corp. has been acquiring Internet assets at an astonishing rate—including the popular music-driven social network MySpace.com, online sports network Scout Media, and Internet games company IGN Entertainment—while his subsidiaries seek to add further companies to the fold. Murdoch claims it's a "very careful strategy" to go for the most popular sites for the under-30 crowd. We agree with his new focus, which is why he continues to be one of our fearless leaders. Anybody got a kid's site for sale?

▶ **CHALLENGES:** Just when we thought the media world was consolidating—and all roads led to News Corp. and a handful of big media conglomerates—the open media revolution appeared out of nowhere. Rupert and all the "Big Media-wigs" must deal with a new world, where consumer-generated content keeps nibbling at consumer mindshare. This dance will be fun one to watch!



▶ Terry Semel

COMPANY: Yahoo Inc.
TITLE: CEO
AGE: 61

▶ **CONQUESTS:** The Yahoo machine marches on and knows its enemies. Terry Semel bought a 40% stake in Asian e-commerce site Alibaba and a \$120 million controlling stake in 3721, a Chinese search engine. He paid \$160 million to acquire MusicMatch and another \$25 million to buy photo-sharing service Flickr. This aggress-

sive behavior has been good for both profit and stock growth. Yahoo's profits have grown more than 259% in the last year, and the stock has seen a 67% boost. But don't worry, Semel is getting paid for creating all this excitement. With a \$230 million stock option windfall, he was the highest-paid CEO in 2004.

CHALLENGES: Yahoo saw 100% of its top 200 advertisers renew this year, which signals a steady ride ahead. But to keep profits up, Semel's investment in "Yahoo Entertainment" under former ABC exec Lloyd Braun must start paying off. Google has also shifted market dynamics by buying a 5% stake in AOL. When combined, the Google/AOL partnership takes the lead from Yahoo in annual unique viewers. Watching Yahoo, Google/AOL, and MSN duke it out will make 2006 entertaining.



Larry Sonsini
COMPANY: Wilson Sonsini Goodrich & Rosati
TITLE: Founder
AGE: 64

CONQUESTS: If Steve Jobs trusts this man to be on the board of Pixar, you know he will hold your confidence. Larry Sonsini runs dominant legal advisory firm for technology and growth companies—and their investment banks and venture capital firms. In addition to Pixar, Sonsini is a director of Echelon, LSI Logic, and Silicon Valley Bank. His counsel is sought all the way back to Wall Street, where he served as a member of the board of directors of the New York Stock Exchange and still chairs several committees. WSG&R advises over 300 public companies and more U.S. companies during their IPOs than any other law firm worldwide, and represents more than 100 VC funds. WSG&R also defends more securities class-action cases than any other U.S. law firm, which puts it in the "good lawyer" category.

CHALLENGES: WSG&R completed more than 350 public offerings and more than 400 public equity and debt offerings over the last five years, helping clients raise over \$90 billion. But will the brutal regulations of Sarbanes-Oxley crimp the top legal firm's style?



Meg Whitman
COMPANY: eBay Inc.
TITLE: CEO
AGE: 49

CONQUESTS: Meg Whitman showed the world she could play with the big boys when she swooped up comparison-pricing site Shopping.com for \$634 million, invested \$100 million in China, and plunked down \$2.6 billion, (with the promise of another \$1.5 billion upon performance) for the reigning VoIP king, Skype. It's not like Whitman had anything to prove either. She has led the online marketplace for seven years, building it into a global player in 32 major markets. She's watched eBay's stock price rise 2,000%. The Harvard MBA joined the board of Disney competitor Dreamworks Animation, shortly after withdrawing her name for consideration for the Magic Kingdom's top job.

CHALLENGES: eBay's stock price had a bumpy ride in 2005, after investors got concerned about future growth—and Google and Yahoo are nipping at the company's heels. We think her bold move to buy Skype will pay off big-time, as she leverages the brand to build market strength in Europe and China. She has no choice, especially in Asia, where eBay faces the almighty Alibaba auction site. With more than half a million people making a living via eBay, we think the company has strong staying power.

DEALMAKERS

These money players review thousands of deals and choose the companies they're betting will become the next big thing.



Paul Chamberlain and Michael Grimes
COMPANY: Morgan Stanley
TITLE: Managing directors
AGE: 41 (Chamberlain) and 38 (Grimes)

CONQUESTS: Paul Chamberlain is Morgan Stanley's Asia guy who works from its shop on Menlo Park's Sand Hill Road. He took Internet jobber 51Job.com public in 2004. He handles new issues for online software sellers Salesforce.com and RightNow Technologies. Chamberlain also does M&A, including the Documentum/EMC and JD Edwards/PeopleSoft deals. Michael Grimes is the Valley's top IPO banker now that prosecutors have taken Frank Quattrone out of the game. His most famous deal was Google, but since it went the Dutch auction route, that could have affected Morgan's fees on the deal. Grimes's other hot IPOs include Agilent, Extreme, Sandisk, Seagate, and VeriSign.

CHALLENGES: The I-bankers have gone through a huge upheaval since the Internet bubble burst and face a host of new regulations and challenges (see "Wall Street Is Broken" on p. 9) that are disrupting their ability to do their jobs. The good news for "bulge bracket" banks like Morgan Stanley is that, in times of uncertainty, people flock to established brands. But a whole slew of new I-banks are popping up and ready for the challenge, including ThinkEquity, Montgomery & Co., and Perseus.



John Doerr
COMPANY: Kleiner, Perkins, Caufield & Byers
TITLE: General partner
AGE: 54

CONQUESTS: KP's \$12.5 million investment in Google turned into \$8 billion, racking up the best VC return ever and paving way for a huge comeback for John Doerr after the dot-com bust. KP is now in full swing, having invested in more than 40 deals in the last year. It has recently anointed Bill Joy as a new full-time partner and the illustrious Colin Powell as a "strategic partner."

CHALLENGES: Doerr's investment in social networking flop Friendster shows that even the mighty KP doesn't always get it right. The VC business is also getting more competitive. But in the post-bubble era, the power in the VC business has consolidated in the hands of the top players such KP and Sequoia, so you can still expect that Doerr will be seeing all the good deals.



Tim Draper
COMPANY: Draper Fisher Jurvetson
TITLE: Managing partner
AGE: 47

CONQUESTS: Draper Fisher Jurvetson maintains its worldwide venture-capital presence through a network of affiliated funds, with offices in more than 30 cities around the world and more than \$3 billion in capital commitments. In the second half of 2005, two of Tim Draper's investments, one in Chinese search engine company Baidu and the other in Estonia-based Skype, turned into nearly \$1.5 billion. Now that is how venture capital is supposed to work! Granted, at the 2005 AlwaysOn Summit Draper postulated that Skype could become a \$100 billion company, and he was bummed when Skype sold out to eBay for a mere few billion. Tim was still smiling the last time we saw him.

CHALLENGES: In the VC business, you are only as good as your last deal. Draper has an outpost in every major tech region in the world, and he will need them all to find more Baidus and Skypes to keep the returns rolling in.



Michael Moritz
COMPANY: Sequoia Capital
TITLE: General partner
AGE: 50

CONQUESTS: Mike Moritz split the Google deal with Kleiner Perkins (see John Doerr's profile in this section) and shared in the best VC hit of all time. This was no mere coincidence, as Moritz was the Sequoia partner who also gave Jerry Yang and David Filo the first \$1 million for Yahoo and the PayPal founders their series A money. For several years, he stayed on both Yahoo and Google's boards, but gave up his Yahoo seat after it became clear the two companies were going head-to-head. All these home runs makes you forget that he bought up eToys and WebVan stock after they went public and before they went out of business.... His latest bets are online shoemonger Zappos and storage-hardware firm Netezza. Moritz says "evolution, rather than big-bang creationism, is the only way to build anything sustainable."

CHALLENGES: Just like the partners at KP, Sequoia will see most of the new, hot deals. As the Internet is heating up for a second round of being the sector to invest in, Moritz's magic touch should continue to be in high demand.

TOP TECHNOLOGISTS

It always starts with the geeks—folks with dreams this big, well, we think they're the coolest of the bunch.



Sergey Brin and Larry Page
COMPANY: Google Inc.
TITLE: Cofounders
AGE: 31 (Brin), 32 (Page)

GEEK CREDENTIALS: Created less than eight years ago, Google has redefined the model for generating advertising revenue on the Internet. Its market capitalization ranks in the top 25 of all companies in the world (currently \$118 billion, which puts it within 20% of the market caps of both IBM and Intel and higher than Cisco's). Its very name has entered the languages of the world as a verb meaning "to search." Brin and Page have accomplished something extraordinary.

Google has far grander ambitions that merely having overcome Yahoo as the world's dominant search engine for search-related advertising. It's a very diversified Internet platform, with designs on e-mail, portals, photos, blogging, maps, VoIP, instant messaging, Wi-Fi, and much more. This diversification of technologies and revenue streams should smartly defend Google against any market encroachment by superior search technologies. It's almost enough to make you feel some pity for Microsoft—which is clearly in Brin and Page's gun-sights.



Marc Canter

COMPANY: Broadband Mechanics Inc.
TITLE: Founder and CEO
AGE: 48

▶ GEEK CREDENTIALS: If Marc Canter's only technology contribution had been to help birth the multimedia industry (founding Macromind in 1984, which merged into Macromedia, which was just purchased by Adobe for \$3.4 billion), that alone would have earned him a place in the "Tech Hall of Fame." But Canter's on a mission to revolutionize the software world through open source, open standards, and open media. Canter's grand vision of a world where "walled gardens" of content and services are a distant memory is something that the Web leaders—Google, Yahoo, eBay, and Microsoft—are paying close attention to, and not only because of his big personality.

Through his company BroadBand Mechanics, Canter espouses "digital life-style aggregation" technologies to give everyone access to everything digital they do, wherever they are. With ourmedia.org, he and partner J.D. Lasica offer a community front-end to the Internet Archive. Canter also contributes copious ideas on social networking, identity, attention, open APIs, and so on to the Web 2.0 and open-source worlds. Whether ourmedia.org becomes open content heaven or Canter, as Technical Moses, leads us into the DLA Promised Land remains to be seen. But Canter's concepts have already made closed-media companies take notice.



Bram Cohen

COMPANY: BitTorrent Inc.
TITLE: Creator
AGE: 30

▶ GEEK CREDENTIALS: If your idea of a true Alpha Geek includes self-proclaimed mild autism, a predilection for math puzzles, and a deep focus on technological problems, Bram Cohen may not be far off. After developing his way around the dotcom scene, Cohen created BitTorrent in 2001 to speed up peer-to-peer downloading of large files while maintaining their integrity and authenticity.

Cohen started the service using free porn to lure users (quite appropriate, as "adult use" is frequently the harbinger of a really successful technology). And although the service is widely used for open-source distros, it's best known for offering illegal access to some of the entertainment industry's greatest hits and newest releases. In late 2005, Cohen and the MPAA announced a deal whereby the links to illegal content are removed from the official BitTorrent site. Is "not getting sued" suddenly part of the new model nerd?



Michael Robertson and Jon Lech Johansen

COMPANY: MP3tunes
TITLE: Founder and CEO (Robertson)
AGE: 38 (Robertson), 22 (Johansen)

▶ GEEK CREDENTIALS: Michael Robertson successfully took on the music industry with MP3.com (which he sold to Universal in 2001 for \$350 million), less successfully attacked Windows with Lindows, and went after the global telecom industry with SIPphone (launched in August 2003). Robertson is a uniquely "open" entrepreneur—in all his endeavors, his goal has been providing competition and freedom of choice through open source and open media.

Jon Lech Johansen, better known as "DVD Jon," is the wunderkind programmer who wanted to play DVD movies on his PC. At the tender age of 15, he co-authored code that let him—to the chagrin of Hollywood and its copy-protection technology. Having survived legal suits by the movie industry, Johansen joined Robertson's MP3tunes, which has re-entered the digital music fray with an online storage locker for all your files. Whether or not MP3tunes becomes the dominant force in music distribution, Robertson and Johansen have certainly changed the content business's rules of engagement, making open source and open media an industry fact.



Niklas Zennstrom and Janus Friis

COMPANY: Skype Inc.
TITLE: Cofounder/CEO (Zennstrom) and cofounder (Friis)
AGE: 39 (Zennstrom) and 29 (Friis)

▶ GEEK CREDENTIALS: After creating Kazaa, the highly popular and often controversial (adware, anyone?) file-sharing software in 2001, the dynamic duo of Niklas Zennstrom and Janus Friis went on to found Skype. Skype really brought Internet telephony to the masses, using peer-to-peer technology to route its calls across different types of networks. Normally AlwaysOn likes open standards, but we also *really* like Skype, and not just because long-time VC pal Tim Draper (and his dad) funded the company. After all, even though Skype uses a proprietary format rather than the SIP open standard, as Marc Canter said, "[Skype] is free and user-friendly, so there won't be much argument from users about it being insufficiently open." Because of its clear leadership position in the hot VoIP market, the company was recently sold. Acquirer eBay bought it for a cool \$2.6 billion (possibly more, if it meets certain goals). Will this free the savvy Swedes to start yet another disruptive technology venture?

PUNDITS

These tech gurus, writers, and visionaries have outspoken opinions that can make or break emerging companies, products, and services.



Esther Dyson

COMPANY: CNet Networks/PC Forum
TITLE: Editor at large/producer
AGE: 54

▶ AUDIENCE APPEAL: Esther Dyson's main ventures are the PC Forum conference (closing in on its third decade) and newsletter *Release 1.0*. She sold out to CNet in early 2004, but continues to run the newsletter—now quarterly instead of monthly—and conference.

Dyson is well-known to thousands as an outstanding connector between ideas and capital, technologists and investors, East and West, present and future. But even those who know her relatively well are often astonished to find her playing some new role or connected to some other industry effort, project, or person in an unexpected way. Her febrile intelligence and sense of what's about to become hot is uncommon—from recent investments in Flickr (she traded in her blog for an annotated Flickr photostream of her activities) to private space transport to making health information more portable.

Dyson has chaired the Electronic Frontier Foundation and ICANN, invested in a venture fund and many startups, and advises or contributes to many non-profits including the Pew Internet & American Life Project and the National Endowment for Democracy. She may not always be right, but this daughter of famous quantum- and astrophysicist and mathematician Freeman Dyson is clearly fearless about big, abstract (and sometimes abstruse), potentially world-changing concepts.



George Gilder

COMPANY: Gilder Publishing LLC
TITLE: Chairman
AGE: 66

▶ AUDIENCE APPEAL: Who is the most passionate, utopian believer in the positive forces of technology? Admit it, you were thinking of George Gilder, right? Whether it's silicon, fiber, or wireless, Gilder thinks hard and writes provocatively about where technology will evolve in the short and long term. And as famous and influential as the Telecom guru is, he continues to shake up our views of the future by finding technologies we were not even aware of. Most recently, with his book *Silicon Eye: How a Silicon Valley Company Aims to Make All Current Computers, Cameras, and Cell Phones Obsolete* (W.W. Norton, 2005), he adds the coming revolution in vision technologies to his interests in everything about any kind of communication.

In addition to running Gilder Publishing, Gilder is a contributing editor of *Forbes* magazine and a frequent writer for the *Economist*, the *American Spectator*, the *Harvard Business Review*, and the *Wall Street Journal*.



Larry Lessig

COMPANY: Stanford University
TITLE: Professor of law and founder of Stanford's Center for Internet and Society
AGE: 45

▶ AUDIENCE APPEAL: It's not just because Lessig has been a professor of law at Harvard University, Stanford University, the University of Chicago, and clerked for U.S. Supreme Court justice Antonin Scalia that his audiences value his legal opinions on constitutional law and the law of cyberspace. It's because of his powerful, outspoken advocacy for free software, the creative commons, and an open spectrum.

Lessig is the founder and chairman of the Creative Commons non-profit organization, which launched in 2001. Several million pages of Web content now use Creative Commons licenses, and representatives from 46 countries and regions have joined this initiative. With his most recent book *Free Culture: How Big Media Uses Technology and the Law to Lock Down Culture and Control Creativity* (Penguin Press, 2004), Lessig is at the forefront of a movement to protect the rights of consumers in an increasingly permission-based culture.



Walt Mossberg

COMPANY: The *Wall Street Journal*
TITLE: Technology columnist, conference producer
AGE: 55

▶ AUDIENCE APPEAL: Walt Mossberg is a technology commentator with enormous clout. He joined the *Wall Street Journal* in 1970 and has been writing about technology since 1991. He pens several regular columns, including the weekly "Personal Technology." In his writing, where he reviews technology software, hardware, gadgets, and trends, Mossberg channels the "average tech user" and espouses ease of use and simplicity. He also (with *Journal* colleague and friend Kara Swisher) co-hosts the D: All Things Digital conference, which has lured even the notoriously "conference-avoiding" Steve Jobs and Bill Gates three years running.

Mossberg has opinions and is not afraid to voice them. He pulls no punches and asks CEO superstars at his conference tough questions. His recommendations—or critiques—of products can affect a company's sales and stock price. His combination of (sometimes curmudgeonly) opinion and championing the user seems a real strength, and as he's allegedly the highest-paid technology journalist—with a salary pegged by some at more than \$500,000 a year—his position of power and influence seems secure.



Tim O'Reilly

COMPANY: O'Reilly Media
TITLE: Founder/CEO
AGE: 51

AUDIENCE APPEAL: Tim O'Reilly is the nerd's visionary. Far less known outside the tech community than some of his peers on this list, he is legendary within it. O'Reilly stumbled into computer publishing semi-accidentally in the late 1970s after getting a Classics degree from Harvard. From there, he became the revolutionary publisher whose tomes are as recognizable by their elegant covers (monochrome animal illustration on white) as by the clear, user-oriented language within them.

But what makes him so famous and worth listening to are the themes he espouses, most of which—like the books—revolve around making technology more accessible and open. He's often the first pundit on the block to evangelize big ideas like the World Wide Web (back in 1992), open source and open standards, sensible (less-restrictive) IP laws, the Internet as a platform (Web 2.0), "commons-based peer production," and the virtues of an architecture of participation. Back in the 1990s, he started the first real Web portal, the Global Network Navigator site. (Instead of having it buy nascent Yahoo, he sold GNN to America Online in 1995.) As for his conferences, they repeatedly draw those willing pay substantial amounts to hear about free software as well as other emerging tech topics.

FAST 20 CEOs

Fearless Leaders in the making, watch for one or two of these CEOs to move up the list next year.



Shai Agassi

COMPANY: SAP AG
TITLE: Executive board member
AGE: 37

CONQUESTS: Shai Agassi was a coder starting at age seven and a serial entrepreneur before one of his companies, TopTier Software, was bought out by SAP in 2001. The Israeli programmer and tech strategist stayed on with the German giant and is now responsible for its overall technology strategy and execution. He espoused non-traditional products and development practices in his early years at SAP. They helped bring SAP, the fourth-largest software company in the world (after only Microsoft, IBM, and Oracle) to a market cap of \$57 billion and 2004 revenues of over \$9 billion.

CHALLENGES: Agassi seems of two minds about open source's usefulness. In an AlwaysOn interview, he indicated that a major gain from open source is innovation by community, while more recently, he implied that open source is more likely to break applications than deliver innovation. Like it or not, he must adapt to open source, as it's becoming more and more prevalent with the enterprise customers he serves.



Mitchell Baker

COMPANY: Mozilla Corp.
TITLE: President
AGE: 47

CONQUESTS: As president of the Mozilla Foundation, Mitchell Baker "wangled" the team behind popular, free, open-source browser Firefox and e-mail client Thunderbird. Her involvement with the Mozilla and Firefox browsers dates from the late 1990s—she wrote the seminal public licenses for the Mozilla and Netscape browsers while a senior lawyer at Netscape. In August 2005, the Mozilla Foundation spawned the Mozilla Corporation, which licenses the Foundation's intellectual property and trademarks. Baker moved from running the foundation, a non-profit now focusing primarily on policy and managing the project's source-code repository, to running the corporation, which manages the development of Thunderbird and Firefox (the Mozilla browser's successor).

CHALLENGE: Firefox 1.0 has been downloaded more than 100 million times, and in two days, the recently released version 1.5 achieved 2 million downloads. Firefox's advanced features (like tabbed browsing) and fewer inherent security vulnerabilities worry Microsoft. For the first time in years, overwhelming market leader Internet Explorer has lost marketshare to a competing browser. Flashing back to "the browser wars," Microsoft announced that many Firefox-like features and improved security will be incorporated into IE 7.0, which—when it turns from vaporware into release—might win marketshare back from Firefox.



Marc Benioff

COMPANY: Salesforce.com
TITLE: Chairman and CEO
AGE: 40

CONQUESTS: Prior to the rise of Salesforce.com, entrepreneurs had discussed software-as-service and disposable software, but it had never been a demonstrable success. When Benioff founded Salesforce.com in 1999, the idea of taking off-the-shelf enterprise-class software and creating a successful online, on-demand business with just that was a totally unproven concept. Benioff's slogan about "the end of software" was viewed as little short of insanity. But it's now clear that this is, in fact, increasingly the future of software. Even Microsoft is gingerly embracing software-as-service. Benioff has seen Salesforce.com through its lean times, following the dot-com bust and, under his flamboyant leadership, Salesforce.com has permanently changed the way CRM is delivered as a service.

CHALLENGE: Benioff appears cocky and unafraid of Microsoft's eventual entry into the software-as-service business. But while Microsoft does not always succeed in taking strategic control of markets (the iPod and Linux come to mind), its spending on that business sector—every year—will exceed the \$3.84 billion market cap of Salesforce.com. Salesforce.com should continue to outpace Microsoft, as long as it continues to diversify its service offerings and increase its customer base.



Jeff Bezos

COMPANY: Amazon.com
TITLE: Chairman and CEO
AGE: 41

CONQUESTS: Under Bezos's leadership, and following eight years of growth and market expansion, Amazon.com has, since mid-2003, sustained nine consecutive quarters of profitability. Amazon's market cap is \$14.4 billion, greater than that of Oracle, and *Forbes* ranked Bezos as the 41st wealthiest person in the world in 2005.

CHALLENGE: Amazon.com faces growing competition both from online rivals, such as eBay, Google, and Yahoo, as well as traditional retailers, such as Wal-Mart and Target. As Amazon's profit margins shrink across its product lines, it's still books, CDs, DVDs and videos that represent the bulk of Amazon's revenues. Bezos's challenge is how to sustain the growth of Amazon's profitability. Investors seem to agree, as the current share price of \$49 shows no sign of approaching the high of \$57 it reached nearly two years ago.



Todd Bradley

COMPANY: Hewlett-Packard
TITLE: Executive vice president
AGE: 48

CONQUESTS: Former PalmOne CEO Todd Bradley is now running HP's \$28 billion Personal Systems Group, which peddles the desktops, notebooks, mobile PC products, and high-performance technical workstation products cobbled together after the HP/Compaq merger. He is the first outsider tapped by new HP CEO Mark Hurd and is now responsible for a third of HP's total revenues. In 2005, Bradley's organization shipped 30 million PCs. The company crows that it is "the biggest consumer PC provider on the planet."

CHALLENGE: Dell will continue to be a strong competitor (see Michael Dell's profile in the "Fearless Leaders" section), and Apple will use its strength in the music player market to push up Mac sales.



Safra Catz

COMPANY: Oracle Corp.
TITLE: Co-president
AGE: 43

CONQUESTS: Safra Catz, a former investment banker who joined Oracle from Donaldson, Lufkin & Jenrette in 1999, has been rapidly rising at Oracle and in CEO Larry Ellison's estimation. She leaves the limelight to Larry and has been competently handling Oracle's operations and acquisitions. She managed the controversial \$10-plus billion takeover of PeopleSoft and led its integration into the Oracle fold. After the Siebel Systems acquisition goes through, she's due to head up its integration as well, and she's recently taken on the role of company CFO.

CHALLENGE: Although Ellison has said that if anything happens to him, Catz would run Oracle, he's also indicated that Charles Phillips, the other remaining co-president, could become CEO. Even if it's a shared labor, being Ellison's second-in-command has proven too tough a job for many predecessors. (After a very brief tenure, former CFO and co-president Greg Maffei just exited the field.) If Catz doesn't succeed Ellison at Oracle, she might not achieve a major CEO position elsewhere—the women picked for tech's top slots have usually had a lot of line-of-business responsibility. However, Catz's finance background and staff position skills are a definite asset to Oracle, especially during its current buying binge.



Peter Chernin

COMPANY: News Corp.
TITLE: President and COO
AGE: 53

CONQUESTS: Ever since the abrupt departure of Rupert's son Lachlan from the News Corp. scene, Peter Chernin's road to the CEO post is on solid ground. In 2005, Fox won the distinction of being the top-rated network in prime time. Fox News, under Roger Ailes, also continues to eclipse all other cable news networks. The success of Fox's cable efforts is largely due to Chernin.

CHALLENGE: While Rupert may have experienced the big Internet revelation, it will be up to Chernin to execute the vision. So far, their first big bets (see Rupert Murdoch's profile in the "Fearless Leaders" section) have been focused and smart. Only time will tell if they can pull everything together into a cohesive Internet strategy that also supports the digital distribution of all the other entertainment and media content that News Corp. is producing. News Corp. recently announced that it is developing software to help it sell display advertising on the Internet and plans to boost sales by using a "treasure trove" of information on millions of teenagers and young adults gleaned from websites such as MySpace.com. Other challenges for Chernin will be making the most of the company's DirectTV satellite business and pulling off the new Fox business news channel, set to launch in mid-2006 and targeted to go head-to-head with CNBC.



Mark Cuban

COMPANY: Dallas Mavericks
TITLE: Owner
AGE: 47

CONQUESTS: In 1995, Mark Cuban co-founded Broadcast.com. In 1999, he sold it to Yahoo for nearly \$6 billion. Avid sports lover Cuban purchased the Dallas Mavericks for \$285 million in early 2000, and has since become a very public figure. Early to discover blogging, he's an active participant in the co-creation of blogging norms. Today, Cuban is reinventing film production and distribution. He's been proven an astute judge of what constitutes a good story, and with his purchase of the Landmark Theatre's chain of 185 art-house cinemas, Cuban is finally making distribution an all-digital affair. But most outre, from the standpoint of traditional Hollywood, besides denouncing the broadcast flag, Cuban backed Grokster with words and dollars in the MGM vs. Grokster Supreme Court case.

CHALLENGES: Hollywood may want to fight, but it's more likely to switch to doing things Cuban's way. Cuban's real challenge, we think, is focus. He has lots of balls to juggle: the Mavericks, his firm 2929 Entertainment (which handled the purchase of HDNet, a high-definition satellite television network feeding his Landmark theaters), relaunching blog search firm IceRocket as BlogScour, six films due out in 2006, and an avowed interest in buying more sports teams.



Jasvir Gill

COMPANY: Virsa Systems
TITLE: Founder and CEO
AGE: 48

CONQUESTS: Jasvir Gill likes to be at least a step ahead. Back in 1996, Gill developed software that could monitor who was doing what on a company's financial systems—in real time. Gill focused on helping large enterprises like Kimberly-Clark and Kodak gain better control of their enterprise systems. Defying the skeptics, Gill designed a solution that could prevent access control violations before they happened. Then came Sarbanes-Oxley in 2002, which threw rocket fuel on the fire. In early 2005, Gill signed a rare reseller agreement with SAP—turbo-charging Virsa's growth. Virsa doubled its customer base in 2005 to more than 300—drawn from the largest, best known global enterprises—letting Virsa triple its employee base while remaining profitable. Virsa is riding the crest of the compliance wave and has grown from a small security consulting practice to the global leader in cross-enterprise governance, risk, and compliance solutions.

CHALLENGES: Virsa is the leader in the compliance software market—and profitable—but it could potentially be undercut by competitors, large and small, not to mention the software-as-service wave.



Jordan Greenhall

COMPANY: DivX Inc.
TITLE: CEO and cofounder
AGE: 33.5

CONQUESTS: DivX Inc. (formerly DivX Networks), supplies the popular DivX video codec, which makes it possible to transmit DVD-quality video over the Internet. French programmer Jerome "Gej" Rota originally created the MPEG-4 video compression technology in 1999; in early 2000, former MP3.com exec Jordan Greenhall contacted Rota and suggested building a company around it. Greenhall has raised more than \$35 million of venture money for the company. The technology is widely licensed for commercial use, and a limited free version is available to independent filmmakers and magazine publishers. DivX claims more than 200 million downloads, and DivX-certified DVD players and cameras are available from makers like Toshiba and Pentax.

CHALLENGES: We're curious about the departure of former president and COO Shahi Ghanem. After almost five years at DivX, he left earlier this year, which the company has been very quiet about. There are also many competing video compression standards out there, both open and proprietary. Microsoft, Apple, and RealNetworks are just some of the big boys in the market, while Google has chosen to use Macromedia's Flash to show video content.



Bob Iger

COMPANY: Disney
TITLE: CEO
AGE: 54

CONQUESTS: Bob Iger was a controversial CEO choice for many reasons, including being Michael Eisner's first choice and being up against the likes of eBay's Meg Whitman (see Whitman's profile). ESPN, *Desperate Housewives* and *Lost*, Hong Kong Disneyland, a deal with Pixar—the long-time Disney deputy-turned-CEO is undeniably keeping the 82-year-old conglomerate in the Big Media game. And if he gets his way, Disney soon will be dominating the Digital Media game. Just 60 days on the job, Iger started selling episodes of his two TV hits for the iPod at \$1.99 a pop. He's shaking up distribution as well by shortening the window between theatrical release and DVD availability—and talking up all forms of digital distribution.

CHALLENGES: Assuming the hits keep coming, Iger's biggest challenge is to find the most profitable content distribution strategy in a rapidly changing market. What does he worry about? "The only thing I worry about is wholesale creative failure because that is what Disney is all about."



Robin Li

COMPANY: Baidu.com
TITLE: CEO/cofounder
AGE: 37

CONQUESTS: After stints at Dow Jones and Infoseek, Robin Li abandoned Silicon Valley and his unvested shares in the late 1990s to return to China. There, with Eric Xu, he founded a search engine that turned into China's version of Google. (The interfaces are similar, and Google even invested in the company.) Launched in 1999, Baidu.com claims to be the leading search site in China. China's growing pool of Internet users made it the fifth most-visited site on the Web in 2005, according to Internet tracking site Alexa Internet. Certainly its only real rivals in the Chinese market are Google and Yahoo.

CHALLENGES: As with other search engines and portals in the Chinese market, content on the site is censored—using Baidu, you won't find much about Tiananmen Square. What's not censored is MP3 search; the site offers great access to MP3 files, and not all by the latest Chinese pop stars either. Pointing to music online isn't illegal in China, so perhaps Li doesn't mind getting dirty looks from the RIAA. Baidu went public in August 2005, with a 353% gain on its first day of trading—ah, that old familiar dotcom feeling—but lost significant share price after its initial high. Now public and with a market cap of \$2.5 billion, Li must keep meeting financial targets—or risk having the company fall prey to one of its rivals.



Ann Livermore

COMPANY: Hewlett-Packard
TITLE: Executive vice president, Technology Solutions Group
AGE: 47

CONQUESTS: Ann Livermore narrowly missed getting HP's top job in 1999; she was a finalist when Carly Fiorina became CEO. But Livermore, who has been with HP since 1982, has been quietly building profits and reputation under Fiorina and now Mark Hurd. In the late 1990s, she was running HP's \$5 billion software and services business. She worried about HP lacking a cohesive enterprise Internet strategy and created one, focusing on e-services. As a result of her e-services plan, she added the \$14 billion enterprise division to her portfolio in 1999. Now, she's running the nearly \$30 billion Technology Solutions Group, comprising enterprise storage and systems, software, and services.

CHALLENGE: At this point, Livermore must successfully persuade enterprise customers that the "adaptive enterprise" and "business process outsourcing" concepts she's pushing will indeed lead to competitive advantages and profits. As for where she's going, there's not much room to move up at HP—being perceived as a loyal lieutenant to Fiorina may have cost Livermore another chance at the top slot. She's said several times that she has one of the best jobs in the industry—yet is her future in staying at HP or in going elsewhere?



Marten Mickos

COMPANY: MySQLAB
TITLE: CEO
AGE: 43

CONQUESTS: Since joining open-source relational database company MySQL AB in 2001, Marten Mickos has helped turn MySQL from something formerly referred to as a toy into a full-fledged product. It's one of the main components in the omnipresent open-source LAMP (Linux, Apache, MySQL, PHP/Python/Perl) software stack that runs many websites. The latest version, MySQL 5.0, was downloaded more than a million times in its first three weeks of release. As for Mickos, he's articulate and outspoken—including on the AlwaysOn site—about issues like software patents (bad), profiting from open source

software (good), and software commoditization (inevitable). Under Mickos, the company is thriving—the basic software is still free, but for a fee you can also license it for commercial use or pay for support and services; that's been very profitable for the company.

CHALLENGE: MySQL is gunning for the enterprise market. And the big boys there are paying serious attention to open source, so Mickos must not only expand, but also defend his turf. Perhaps in part to tweak its upstart rival, Oracle just bought Innobase, which developed InnoDB, an important component in the MySQL product. MySQL has said that it's looking for alternatives to replace the InnoDB functionality, but this may happen again. We'd like to hear MySQL's longer-term strategy for dealing with potentially fierce competition for its outsourcers' services.



Nandan M. Nilekani

COMPANY: Infosys Technologies Ltd.
TITLE: CEO, president, and managing director
AGE: 50

CONQUESTS: Under Nandan Nilekani's hands-on leadership as cofounder, and since 2002 as CEO, Infosys's revenue and profitability continues to accelerate, with year-over-year increases currently exceeding 50%. As the second largest technology company in India, with annual revenue expected to exceed \$2 billion this fiscal year, Infosys is one of the world's premier IT consulting and services firms.

CHALLENGE: The world's largest consulting firms, like Accenture and IBM, are going to compete with Infosys. Possibly more challenging is the eventuality that consulting companies in China will muster the ability to compete against the cost of doing business in India in the same way that Indian firms undercut western consulting prices.



Paul Sagan

COMPANY: Akamai Technologies
TITLE: President and CEO
AGE: 46

CONQUESTS: Akamai's stock price has nearly doubled to \$22 in the eight months that Sagan has been its CEO, with quarterly revenue growth of 42% year-over-year. Having settled its ongoing legal disputes with its largest competitor Speedera—by purchasing it—Akamai is now the uncontested 800-pound gorilla of content delivery services on the Internet.

CHALLENGES: For now, Akamai has this market all to itself. But as use of peer-to-peer technologies, such as BitTorrent, continues to grow, Akamai may face a new kind of competitive pressure, where enterprise and media companies choose to "do it themselves."



Eric Schmidt

COMPANY: Google
TITLE: CEO
AGE: 50

CONQUESTS: Brought in to provide adult supervision—and to protect Sequoia and KPCB's investments—Eric Schmidt previously ran Novell, where he staved off that company's demise, and did a stint as CTO at Sun. At Google, which Schmidt joined in 2001, he has overseen the company's growth to the powerhouse it is today; it's hiring ten people a day and ad sales are going gangbusters. He recently struck a deal with Time Warner to buy 5% of AOL for \$1 billion and give its ads preferential placement to undercut Microsoft's attempts to take a bite out of Google's ad revenues.

CHALLENGES: Despite its "don't be evil" motto, Google is rapidly gaining on Microsoft as "The Evil Empire" in the public's opinion. Ticked-off publishers, fired bloggers, and the way Google retains everyone's search data have helped foster this attitude. How will Schmidt convince people it's all good?



Jonathan Schwartz

COMPANY: Sun Microsystems
TITLE: President and COO
AGE: 40

CONQUESTS: Schwartz has changed the way Sun does software. In his 18 months as president, Sun has open-sourced its Solaris operating system—making it available for free—as well as its Java Enterprise System, Sun N1 Management software, and Sun developer tools. Together with Sun's on-demand, grid-computing initiative—and along with the vision that "there's one price that works for everyone, and that's free"—Schwartz has redefined Sun's business model into one of service and support.

CHALLENGE: Ahh, if only it were that easy. Linux is considered more open than Solaris because it's not owned by one company. And the mobile handset market (with 4.5 million developers worldwide) that Sun eagerly eyes for its Java platform—because Microsoft does not dominate the software stack on mobile devices—is not necessarily a substantial enough revenue source to revive Sun's fortunes any time soon.



Scott Weiss

COMPANY: IronPort Systems
TITLE: CEO
AGE: 40

CONQUESTS: Scott Weiss cofounded IronPort after stints at Hotmail, Microsoft, and dot-com incubator Idealab. He and cofounder Scott Bannister created a fast-

growing company with a serious appetite for venture money (the most recent series D brought IronPort's total funding to more than \$90 million) and many happy *Fortune* 500 customers. Unlike Microsoft Exchange, IronPort's system actually works without daily care and feeding, and IronPort has been able to charge a premium for real improvements to corporate e-mail.

CHALLENGES: How long can IronPort stay ahead of the pack? Competitors like Barracuda Networks are chasing it, offering similar performance at significantly lower prices. Other companies—such as SendMail, the e-mail management pioneer that counts many *Fortune* 100 companies as clients—are offering e-mail appliances that compete directly with IronPort's products. Weiss and his team must be nimble and focused to keep their sector leadership position. Depending on sales and R&D outlay, Weiss may also need to explore new funding options: After providing a D round, even the most generous VCs usually want indicators of an exit strategy ahead.



Ed Zander

COMPANY: Motorola Inc.
TITLE: Chairman and CEO
AGE: 58

CONQUESTS: Ed Zander joined Motorola in 2004 as its CEO. Just prior, he was at buyout firm Silver Lake Partners after spending 15 years at Sun Microsystems. There he ended up as president and COO, leaving when it became clear that Scott McNealy would not soon be stepping aside. Zander joined Motorola to solve problems: Customers like Nextel were unhappy, and Motorola was losing its place in the handset market to rival Samsung. Although he credits former CEO Chris Galvin with initiating the reorganization, under Zander the company has undergone a turnaround. Zander completed the spinoff of Motorola's semiconductor business into Freescale Semiconductor. He also decided to focus heavily on the super-thin, sleek Razr V3 mobile phone, which sold like hotcakes despite its high price tag. The Razr is still selling in vast numbers—6.5 million in the latest quarter, helping Motorola regain second place in the handset market (still trailing behemoth Nokia, but passing Samsung). Profits are sharply up—so are sales: an expected \$37 billion in 2005, compared to \$23 billion in 2003.

CHALLENGES: Motorola's recently released iTunes-enabled Rokr phone got mixed reviews, and its disappointing sales led to a decline in share price. But Zander plans to bring out BlackBerry competitor MotoQ early next year—and depending on what happens with the BlackBerry patent problems, that could mean another serious boost for Motorola sales.

WATCH LIST

Often in command during difficult transitions, acquisitions, or expansions, these still-powerful leaders have clout and are worth watching.



Larry Ellison

COMPANY: Oracle
TITLE: CEO
AGE: 61

CONQUESTS: Larry Ellison has been running Oracle since its founding in 1977. He led the company to enormous growth in the then-emerging relational database market and was briefly reported to be the richest man in the world. *Forbes* now ranks him ninth-richest, with a fortune of over \$18 billion. This most flamboyant of technology CEOs has at various times been known for his aggressive business style and dominant personality; his rivalry with Bill Gates; his love of sailing, flying planes, and speeding cars; his involved personal life; shareholder lawsuits; and recently, a corporate buying spree that included reluctant bride PeopleSoft and persistent thorn in the side Siebel Systems. Oracle has also purchased a number of smaller companies, including Retek (which SAP had been trying to acquire), Innobase (which provides critical technology to MySQL), Thor Technologies (a security and identity management company), and OctetString (which offers identity management and virtual directory products).

CHALLENGES: The real question: How well are sales of Oracle's core products doing? Following December's earnings announcement, some analysts seem disappointed. It's not clear yet whether Oracle can buy its way out of trouble with this kind of spending spree, or if Larry will have to do some serious restrategizing.



Mark Hurd

COMPANY: Hewlett-Packard
TITLE: President and CEO
AGE: 49

CONQUESTS: Although Hurd's been the CEO of HP for just nine months, at least some of the credit for the 30% rise in HP's stock price during that period belongs to former CEO Carly Fiorina. Hurd runs a tight ship and has focused on operational efficiencies, cutting HP's worldwide staff by approximately 10%. All HP's divisions (printers, PCs, servers, software, and services) were profitable during the last quarter.

CHALLENGE: Leading HP requires more than cost-cutting and efficient operations—and Hurd has not yet publicly disclosed his growth strategy. Thus, the strategy that

worked so well for Hurd at NCR just won't scale properly for HP. And, as profit margins in the increasingly commoditized PC manufacturing industry continue to disappear, it's not clear what Hurd can do to grow profitability in that market.



▶ Scott McNealy

COMPANY: Sun Microsystems
TITLE: Chairman and CEO
AGE: 52

▶ CONQUESTS: Having survived the the bursting of the dot-com bubble, overspending, and overstaffing—and with 16 consecutive years of generating positive cashflow from operations—Scott McNealy has guided the good ship Sun Microsystems to steadier seas. McNealy's deal to end its legal actions against Microsoft netted Sun \$1.6 billion, which Sun is using for acquisitions (including Storage Technology Corporation for \$4.1 billion) and future rainy days.

▶ CHALLENGES: How is McNealy going to recharge Sun's revenue and market share growth? Chips and servers are increasingly commoditized marketplaces, with decreasing margins. Sun's open-source software means that its software revenues will be from support and service. And so far, there have been few takers for Sun's Grid Computing Initiative and its utility revenue model, where customers pay just \$1 per CPU/hour for processing and per GB/month for storage. So, where's the beef?



▶ Paul Otellini

COMPANY: Intel
TITLE: President and CEO
AGE: 55

▶ CONQUEST: As president and COO since 2002, Otellini has overseen the introduction and growth of Intel's Centrino chips and its unanticipated entry into the Apple Macintosh market.

▶ CHALLENGES: Intel's stock has not gone anywhere during Otellini's reign because Intel's prospects have not either. And Intel's arch-rival AMD is winning performance benchmark tests and market share—including a notable deal with Dell Computer, which heretofore had been Intel-only Inside. Although PC unit sales continue to rise, PC market revenue and profit growth are flat. Where's the growth going to be? Whether Intel has the right chip sets for mobile handsets, consumer devices, and wireless remains to be seen.



▶ Ray Ozzie

COMPANY: Microsoft
TITLE: CTO
AGE: 50

▶ CONQUESTS: Lotus Notes author Ray Ozzie was brought on board when Microsoft bought his company Groove Networks. Does he have any power? "He has a huge technical reputation and, most importantly, Bill Gates trusts him," an insider told us. In October 2005, Ozzie presented his 5,000-word "The Internet Services Disruption" memo to 100 top Microsoft executives. It spread like wildfire all over the Web—accompanied by comments from Bill Gates. "This next 'services wave' will be very disruptive," Gates wrote. "The next sea of change is upon us." Ozzie's advice is to "respond quickly and decisively" and warned that the complexity of Microsoft's software is "killing" because it "sucks the life out of developers."

▶ CHALLENGES: Can Ozzie successfully redirect the software giant to the new software-as-service model? So far, it looks like he has the right vision and the support of all the Microsoftie geeks, including Bill. But can Microsoft make software that is less complex? We'll believe it when we see it.



▶ Howard Stringer

COMPANY: Sony
TITLE: Chairman and CEO
AGE: 63

▶ CONQUESTS: As one of former chairman and CEO Nobuyuki Idei's chief lieutenants, Sir Howard Stringer can't say he couldn't see what he was getting into. Since he took over the top job in mid-2005, Sony's music and movies have endured fierce political and financial struggles, and the electronics divisions have taken a serious slide. The Sony BMG joint venture is blowing up, due to internal management disputes. And after producing a string of films for more than \$100 million, the only Sony Pictures movie that grossed more than \$100 million was the Will Smith romantic comedy *Hitch*, which grossed \$179 million. While Sony's laptops continue to do well, Sony has been eclipsed in the music player market by the iPod, and the company's hand-held strategy has gone adrift.

▶ CHALLENGES: Sir Howard and his division heads in the entertainment group must revamp what they approve, budget productions, and, like Disney, consider cutting back on how many films they produce. The electronics group is another beehive and Sony's missteps with Digital Rights Management on music CDs have cost the company significant goodwill from artists and consumers. Our advice to Sir Howard: rebuild Sony's image for sleek hardware design; build a product family around open Web, music, and video standards and formats; and try becoming "the people's" alternative to Apple's proprietary offerings.



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