



Upstart Capital is a Silicon Valley-based seed and early stage Internet venture capital fund. The principals of Upstart include Aymerik Renard (FranceTelecom's U.S. venture capitalist), Michael Spindler (former Apple CEO) and Deepak Moorjani (The Lodestar Group).

Upstart was launched in late 1999 with an investor base including Sumitomo Corporation, France Telecom, Societe Generale, the partners of two multi-billion dollar investment funds, Leo Hindery (CEO of Global Crossing), Bill Joy (founder of Sun Microsystems), and select Internet industry CEOs.

Upstart's advisory board includes Jean-Claude Latombe (Chair of the Stanford CS Department), Bill Pade (lead of McKinsey's Silicon Valley practice), Doug Solomon (Chief Strategy Officer of Palm Computer) and Leo Hindery.

Co-investors for our current projects include 3COM, Agilent Technologies, Benchmark Capital, Cisco Systems, Nortel Networks, Innovacom Venture Capital (France Telecom), Chase Capital, Fenway Partners, Moore Capital, and Vertex Management.

From Diesel to Doctor

Although Michael H. Spindler joined Apple in September 1980 as marketing manager for European operations, the native of Berlin, Germany, didn't pop up on the radar screens of most Apple watchers until January 29, 1990, when he moved to Cupertino to assume the role of chief operating officer, taking over the worldwide manufacturing and marketing units that had previously reported to Jean-Louis Gassée. Nicknamed "The Diesel" because of his ability to attack complex problems head-on with no-nonsense management experience, Spindler was chugging down a career path that would take him to the highest executive office at Apple. In stark contrast to Steve Jobs and John Sculley, Spindler is a passionately private man who, according to one former executive, "did not get where he is by showing his butt in public." As a result, most people would be hard pressed to recall a single thing he accomplished while at the helm of Apple. That's a shame, because had he achieved his ultimate goal, its effect would have been more profound than anything anyone else at Apple had ever accomplished: The firm would have ceased to exist.



Almost since the moment he arrived in Cupertino, Michael Spindler tried to merge Apple with a variety of different corporations.

Upon arriving in Cupertino, Spindler was instructed by CEO Sculley to begin a secret search for a way to pair Apple's brand name and superior software with the market muscle and boardroom credibility of a larger company. Sculley felt that the Mac market would slowly erode and that Apple's only hope was to create new revenue streams from products such as the Newton personal digital assistant and Pippin set-top box, but developing these products to the point of self-sufficiency would require the resources of a larger company.

"I'm a Mike Spindler fan. In my personal opinion, he's clearly CEO material, and maybe the board brought him in for that."

Jean-Louis Gassée, upon announcing his intention to leave Apple
(San Jose Mercury News, March 3, 1990)

"We used to have a joke that you don't sit in the first ten rows at a Spindler speech, because you might drown from all the sweat and spit."

Apple sales manager **John Ziel**

"This isn't anything new. Since 1986, we held serious discussions with DEC, Kodak, Sony, Sun, Compaq, IBM, and a few other companies I'd rather not name now. They were very thoughtful discussions. We considered everything from 'Let's trade technology' to 'Let's put the companies together' with each one of them."

Chairman **Mike Markkula**, on 1996 merger speculation

In 1989, Joseph A. Graziano was nicknamed “The Million Dollar Man” after Apple paid him a \$1.5 million signing bonus to leave Sun Microsystems, where he had been CFO for two years. He had been Apple’s CFO from 1981 to 1985, at which time he quit to spend time with his brother, Anthony, who was dying of cancer. When word of the signing bonus spread around Apple, employees began computing budgets and profits in a new unit of currency called the Graz. For example, if your budget got cut by \$6 million, you’d say they slashed “four Grazs.”

Tom Zimmeroff



CFO Graziano resigned after failing to convince the board to break up Apple.

investigated during his final days in charge), claiming it was the only way Apple could survive. He laid the blame for Apple’s ills at Spindler’s feet. He argued that Spindler’s new forecast of 30 percent Mac unit growth was unrealistic in the face of the Windows 95 tidal wave. Spindler was still half-heartedly entertaining offers where he could find them but seemed resigned to trying to service the remaining Mac market as an independent company. Spindler fought back and the board stood behind him. As Markkula told *The Wall Street Journal*, “The board has been very pleased with Michael’s performance. He is the best thinker at Apple. He is truly a very brilliant man.” Frustrated and disgusted at the

board “sitting there with their thumbs up their asses,” Graziano resigned.

By December 1995, a shared fear of Microsoft had driven Sun Microsystems’ CEO McNealy to meet with Apple’s board at the St. Regis Hotel in New York, where they began nailing down the details of a stock-swap deal that would place McNealy in charge of the combined company. Ironically, five years before, Apple had walked away from a deal to acquire Sun, and now the tables were turned, with the spurned McNealy on the verge of taking over Apple. It looked like Apple might be able to put a present under its shareholders’ Christmas trees after all, but negotiations broke off when Apple warned of an impending \$69 million quarterly loss.

The Sun deal may have slipped away, but there was still the possibility that Philips would come through. Talks with Philips had been running concurrently with the Sun negotiations, and the Dutch company had indicated a willingness to pay \$36 a share. However, those hopes were dashed when Philips’ board rejected the proposal by a single vote.

During the merger speculation surrounding Apple at the end of 1995, there was a very real possibility of the prodigal son returning to Cupertino. At the *Upside* Technology Summit held in Carefree, Arizona, on February 12, 1996, Oracle CEO Lawrence J. Ellison admitted that he and his best friend, Steve Jobs, contemplated making a bid for the company while the two were vacationing in Hawaii the previous December. “Steve and I talked about it at length,” revealed Ellison. “Up to a week ago, we were seriously looking at buying Apple, but Steve and I couldn’t exactly agree about the



“I’ve been to China and to the former Soviet Union, and I’ve seen what controlled economies are like. They suck. If Microsoft dominates the computer industry the way Bill [Gates] would like, our industry would suck too.”

Sun CEO **Scott McNealy**

(Fortune, February 19, 1996)

Q. What do you get when you merge Sun and Apple?

A. Snapple.

In an email circulated company-wide upon his resignation, Spindler wrote:

So it's time for me to go! Mistakes or misjudgments made? Oh yes—even plenty. Both in business and personal judgment terms. I take personal responsibility for things that didn't work and should have worked. I tried to give it my best—both intellectually and physically in every corner of the world to carry this cause and its color. I tried to be as clear, honest and forthcoming in my communication with you. Those of you who—through all these long years—have helped me, supported me and even guided me—I thank you sincerely from the bottom of my soul for the friendship and being together. In fading away from the place which I loved and feared, I will become whole again—hopefully renew the father, husband and self I am.

Since leaving Apple, Spindler has kept a low public profile. He sits on the supervisory board of German publishing conglomerate Bertelsmann AG (www.bertelsmann.de) and is a managing partner at Upstart Capital (www.upstartcap.com). Apple, meanwhile, survived the most trying period in its history and—as of this writing—remains a thriving independent company.