

# **MICHAEL DELL FORESEES A 'DATA ECONOMY' OF GREAT BUSINESS OPPORTUNITY AND BENEFITS TO HUMANKIND**

**Michael Dell**  
**Founder, Chairman, and CEO**  
**Dell Inc.**

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## **Excerpts from Mr. Dell's Remarks**

**What kind of a company is Dell today?** As it relates to the small computer systems – PCs, tablets, workstations – we've had eight quarters in a row of increasing our share of the overall industry...There isn't necessarily a lot of growth there, but by gaining share we can actually grow our business....

On the other side of our business, in software and services and data center, we have some pretty robust growth. Now, we have spent over the last six or seven years roughly \$15 billion acquiring 40 or so firms that themselves had acquired 150 companies and built a pretty substantial capability in IT solutions, software, services, data centers.

To give you a sense for this, last year our deferred revenues grew more than 20 percent year over year, which at our size is pretty hard to do. Many of our competitors similarly positioned would have had negative growth in the same period. So we've been able to reshape the business pretty significantly and successfully.

**What percentage of your revenue is from PCs?** It's still a little more than 50 percent, but I also think of it as the tip of the spear, particularly in the emerging world. You've got 3 ½ billion people in India, China, and Africa, and while IT services and data analytics and the more complex type solutions are interesting, it's not actually what they buy first. What they buy first is infrastructure, which is the actual machines that bring the data – the servers, the network – and then they get into these more complex areas.

So, when I look at our small computer systems business with businesses and enterprise in these emerging/developing markets – which, by the way, still have relatively low penetration compared to the developed markets – there's robust growth there. In the developed markets, it's kind of a replacement cycle business.

**What's the biggest challenge your company faces?** For any company in our sector, you have to change or die. You have to evolve. For us, that's meant aggressively growing in these new areas like software services, understanding the challenges our customers have, like in cyber security and helping to go build solutions, to go solve those problems.

**Why don't you make a smartphone?** There's a lot of ways to make money in IT other than smartphones. This IT industry is about a \$3 trillion industry, and of that roughly \$2.75 trillion is commercial business enterprise, public sector, and \$250 billion is consumer. We're much more focused on the \$2.75 trillion.

From a device standpoint, what does it mean? PCs, tables, embedded, workstations. Then we get into the data center, all the infrastructure, the cloud computing, the software-defined

network storage, compute. Then we focus on the systems management, the security, the big data. And then, ultimately, one of the most exciting areas is services, because we find more and more customers want us to help them implement all these systems, run them for them and help them make use of all the tools. And we think the combination of all these things together is really important.

**Apple says it is coming out with a wearable watch. Are you going to make a watch? No. When you met with the President recently, did he ask you for any free computers or anything?** He didn't ask me for any free computers, but I did wonder how come there's no computer in the Oval Office.

**What's the next big thing?** There are probably many next big things. I mean, this idea of the data economy – call it big data, machine-to-machine communication, machine learning – we think that is an enormous opportunity for not only our customers and organizations, but for the IT industry. To our calculations, there is roughly a trillion-dollar opportunity for the IT industry in turning this data into real insights. And the availability, the cost to acquire the data just keeps going down dramatically.

**What do you see in the world situation?** We should be thinking a lot about where do the next 500 million jobs come, where do the next billion jobs come from. I believe they come from these small and entrepreneurial businesses.

And we also should be thinking in these sort of conflict zones, where you have a lot of young unemployed people, how do we figure out how to get them jobs. Because if you have a new government, new administration, but you still have a lot of unemployed young people, you haven't really solved the problem.

What I also worry about is these places where we've been, let's say, dropping bombs for a few decades. Once all the smoke clears, you still have a lot of young unemployed people. Unless they can go back to their families and explain that tomorrow's going to be better, you've still got a problem, and there's no new administration or whatever that can solve that problem. So I think we ought to be thinking, how do we go create some jobs over there? Because that, to me, is the root problem.

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DAVID M. RUBENSTEIN: I want to welcome everybody — members and guests of The Economic Club of Washington — to our eighth event of our 28<sup>th</sup> season. Welcome to this breakfast event in the Grand Ballroom at the Fairmont Hotel in Washington, DC.

I'm very pleased today to have as our special guest Michael Dell, the founder, chairman, and CEO of Dell Inc. Michael is a legend in the business world, but let me give you just a little background. Dell is one of the largest IT service providers and companies in the world. It's a company that he started when he was 19 years old. He was a college undergraduate, University of Texas, and began assembling computers in his dorm room. The company went public when he was 23, and he became at 27 the youngest CEO of any Fortune 500 company. The company became well known for its personal computers business, among other things.

He ran the company until 2004, and then stepped back as CEO to turn it over to somebody else, and then in 2007 came back as the CEO, and in 2013 decided to take the publicly traded company private in one of the largest buyouts of the era. Since the Great Recession it was

the largest buyout, about a \$24 billion buyout. The company has done quite well since it's a privately owned company.

Michael is very involved, as well, in philanthropy, and he and his wife have a foundation that's given away more than a billion dollars. They're very involved in urban education, urban poverty, medical research, and children's health, among other causes.

Michael is also very involved in the computer and technology industry. He's here in town for the Technology CEO Council, among other things that he's doing in town.

I would say that, in the computer world and the IT world, he is obviously one of the legends. He is one of the few people who started a company, let's say, 20-some years ago in this industry who is still the CEO of a company in the industry.

So, Michael, if I could just start off by asking you, you took your company private in 2013. Do you miss dealing with analysts and publicly quartered – [laughter]. Is that a problem, that you don't have to do that?

MICHAEL DELL: No, I don't miss that at all. In fact, for entertainment I listen in sometimes to my competitors' conference calls. [Laughter.] And you know, it's really fun. [Laughter.]

MR. RUBENSTEIN: So, when you're publicly, traded you have to deal with quarterly earnings statements and analysts and so forth. So now that you're private, what do you focus on instead of quarterly numbers? How is your company run differently now that you're a privately owned company?

MR. DELL: We focus on our customers. We focus on the medium and long term. And getting away from this 90-day shot clock has given us the freedom, the flexibility, to invest in our business without, let's say, fear of the short-term targets. And you know, I think it's energized our team. We had a very good year last year. And it's really changed the focus to be more long term.

MR. RUBENSTEIN: So at the time you were considering doing this, I remember you and I were in Davos at the time and had a little TV interview and somebody asked me what I thought about your transaction that was pending. And I said, well, most buyouts of that size don't really work, so I wouldn't be that optimistic; I wouldn't look at investing in it. [Laughter.] I didn't realize that we were going to have lunch later that day – [laughter] – and I then apologized to you. [Laughter.] But there were other buyout firms that actually looked at it as well. You did it with Silver Lake, which is an excellent firm. They specialize in technology. Have you called up all the buyout firms that didn't want to do the deal and tell them that they made a mistake? Have you done that yet?

MR. DELL: No, I wouldn't do that. [Laughter.] Our business has some volatility. It's got some uncertainty. That's why the technology industry is so dynamic. It's changing all the time. We've been actively changing our business. And look, when you're doing that in a short-term-focused financial market, it can be pretty difficult.

MR. RUBENSTEIN: So, at the time, firms like mine said, well, he is a PC manufacturer, personal computer manufacturer, and that business is probably going down and there's probably too many people that manufacture them very cheaply, and so this wouldn't be a great business. What did people miss? Because you're not just a PC company? Or what did people miss in misanalyzing the way that your company would operate in the future?

MR. DELL: Well, as it relates to the small computer systems – PCs, tablets, workstations – we've had eight quarters in a row of increasing our share of the overall industry. That's clearly a good thing. There isn't necessarily a lot of growth there, but by gaining share we can actually grow our business. So there's somewhat of a consolidation there.

On the other side of our business, in software and services and data center, we have some pretty robust growth. Now, we have spent over the last six or seven years roughly \$15 billion acquiring 40 or so firms that themselves had acquired 150 companies and built a pretty substantial capability in IT solutions, software, services, data centers.

To give you a sense for this, last year our deferred revenues grew more than 20 percent year over year, which at our size is pretty hard to do. Many of our competitors similarly positioned would have had negative growth in the same period. So we've been able to reshape the business pretty significantly and successfully.

MR. RUBENSTEIN: So what percentage of your revenues can you say, roughly, are now PC-oriented, the manufacturing of PCs? Is that less than 50 percent of your revenues now?

MR. DELL: It's still a little more than 50 percent, but you know, I also think of it as the tip of the spear, particularly in the emerging world. You've got 3 ½ billion people in India, China, and Africa, and while IT services and data analytics and the more complex type solutions are interesting, it's not actually what they buy first. What they buy first is infrastructure, which is the actual machines that bring the data – the servers, the network – and then they get into these more complex areas.

So, when I look at our small computer systems business with businesses and enterprise in these emerging/developing markets – which, by the way, still have relatively low penetration compared to the developed markets – there's robust growth there. In the developed markets, it's kind of a replacement cycle business. But to be able to bring an end-to-end solution I think you have to have both ends of the solution. So we fundamentally believe in, to be able to solve the problems that customers have out there, it's a combination of hardware, software, and services together.

MR. RUBENSTEIN: OK. So private-equity firms like Silver Lake, usually when they make an investment, they like to exit at a nice profit and in maybe three or four or five years. So what will you do to help Silver Lake exit? Will you take the company public again, or have you had enough of that? And how would you give them an exit if you didn't do an IPO?

MR. DELL: You know, they haven't shown any desire to exit anytime soon, but there are many ways for that to occur. You know –

MR. RUBENSTEIN: Going public wouldn't be your highest priority, again?

MR. DELL: It wouldn't, no. [Laughter.] You think about, why do companies go public? I mean, there's certainly a rule for public markets, and when we went public in 1988 it was really the only way to get the amount of capital we needed for our growing company. But, we don't really need capital now. We generate lots of capital. Our brand is also very well-known by our customers. And so the reasons to go public aren't really there.

So I find it much more enjoyable to be a private company. I think the flexibility that we have is tremendous. And we can take on investments with an uncertain outcome, and that's actually quite attractive in our business. So instead of having to manage to try to hit a particular quarterly target, we don't care about that. So we're much more about the long term.

MR. RUBENSTEIN: So before it went private, your company, you owned personally about 12 ½ percent. Is that more or less right?

MR. DELL: Yeah, 15 percent, something like that, yeah.

MR. RUBENSTEIN: Fifteen percent? Now you own about 75 percent?

MR. DELL: Seventy percent, something like that, yeah, yeah.

MR. RUBENSTEIN: Seventy percent? OK. Is it too late to invest in the IPO – [laughter] – for your company now? I mean, it's too late for Carlyle to invest in it?

MR. DELL: Well, David, yeah, I think it might be a little bit late.

MR. RUBENSTEIN: Might be too late. Might – [laughter] – OK. All right. So let me go back to when you began the company. As I mentioned earlier, you were 19 years old.

MR. DELL: Flattered by the interest, though.

MR. RUBENSTEIN: Well, we always like good investments. Unfortunately, we missed this one. But at 19, you're in college and you're a freshman at the University of Texas. You grew up in Houston. And you're a pre-med student. Your father is an orthodontist –

MR. DELL: Yes.

MR. RUBENSTEIN: – and you have a medical background in your family, lots of people who've done medicine. So you were pre-ordained to go to medical school, I assume. So what happened when – that led you to start fixing computers, or how did that actually start? In your dorm room, as I understand it, you were assembling computers. How did that actually come about?

MR. DELL: Yeah, it actually goes back a little bit further than that. When I was in junior high school, I was in this math class and my math teacher had this teletype terminal, and you could type in programs and the answer would come back. And I just became enthralled with this idea of machines that would calculate and sort of threw myself into all that.

Fast forward to 1981. I'm 16 years old. IBM introduces the IBM PC, and it was clearly aimed at business. And what was interesting to me about that is, OK, now you have this computer for a few thousand dollars that any business could buy – not any business, but a lot of businesses could buy – and it was incredibly empowering, it was exciting, and you know, I kind of threw myself into all that.

As I took the computer apart, what I realized is that they were selling \$500 worth of parts for \$3,000, which seemed to me like a kind of criminal enterprise, almost, you know? [Laughter.] It just seemed unfair, right? It's like, how could it be \$3,000? There are \$500 worth of parts.

And so I started mapping out what all the parts cost and then – and then started upgrading. You know, like people would upgrade cars and things; I was upgrading computers. And, that ultimately led me to starting the company and making our own computers.

MR. RUBENSTEIN: So you have two parents who thought you were going to medical school – nice Jewish parents and they wanted you to go to medical school. [Laughter.]

MR. DELL: Yeah. Yeah, that didn't go over so well. [Laughter.]

MR. RUBENSTEIN: So you tell your parents that you're dropping out of college to start a computer company. What did they say?

MR. DELL: They said you're bananas. [Laughter.] It did not go over well.

But so, we basically made a deal, and the deal was that I would take a semester off. And at University of Texas you can take a semester off and go back. And, if the business did well enough, then I'd continue, and if it didn't I'd just go back to school. And so, after 90 days I had financial statements, business was booming and thriving, and I continued.

MR. RUBENSTEIN: So the name Dell is a very simple name and sounds like it would always work; you know, four letters. Suppose your last name had been Rubenstein. Would you have put the – [laughter] – you think the company would have worked as well? Or how did you come to name it Dell? [Laughter.]

MR. DELL: Yeah, I didn't think Rubenstein for your corporation would have – would have – would have been –

MR. RUBENSTEIN: Yeah, wouldn't have worked. I don't think so, either. [Laughter.]

MR. DELL: But the name was actually a bit of an accident. When I was in my dorm room, I had a trade name, called PCs Limited. So I was a sole proprietor doing business as PCs Limited. And I had this customer who was a lawyer, and he was kind of saying, hey, your business is thriving, it's growing, maybe you should incorporate. And I said, why would I want to do that? He kind of explains to me the benefits of being a corporation. And I said, well, so what's involved here? And he says, well, how about you install another hard disk drive for me and I'll do your incorporation? I said, OK, that's the deal.

And so I install the hard drive and he says, well, there are two problems. First is you can't incorporate the name PCs Limited because it's too generic. So I – this is the lawyer speaking – called the company Dell Computer Corporation, doing business as PCs Limited. I said, OK, fine, whatever, OK. Then he says, the second thing is you need a thousand dollars because you can't start a corporation unless you have a thousand dollars. I said, well, it's going to take me a few days to go sell some more stuff. I'll come back with a thousand dollars. And so that was May 3<sup>rd</sup>, 1984; company was incorporated with a thousand dollars as Dell Computer Corporation.

Fast forward three years. We embark on our global expansion. [Laughs, laughter.] In the U.K., hire a guy in the U.K. He actually didn't show up for work, so the second in command was promoted to be the head of the U.K. – [laughter]. And he's calling back to headquarters and he says, I can't make PCs Limited in the U.K. because that makes no sense at all, so what should I call this company? Meanwhile, back in Texas, business is booming, we're too busy. We just said, we don't know, you figure it out. So the guy in the U.K. says, well, I'm going to call this Dell Computer Corporation because that's the name of the company.

So we were Dell Computer Corporation in the U.K. and we were Dell Computer Corporation, doing business as PCs Limited in the U.S. for a period of time. And then a bunch of folks came to me and said you should just have it be Dell Computer Corporation. I was reluctant, but it's all worked out. [Laughter.]

MR. RUBENSTEIN: I would say so. But so you're in your college dorm. Do you have a lot of your friends from your college dorm era who have said this was really their idea and they've sued you and said – [laughter] – you know, you took their idea? That hasn't happened, right?

MR. DELL: No, no. Maybe they weren't that clever. [Laughter.]

But you know, I had this one roommate who really got upset with me because there were boxes everywhere. [Laughter.] And the UPS man also hated me because, you know, like enormous numbers of boxes. And so one day my roommate piled all the boxes in front of my door so I couldn't get out of the room. [Laughter.] And so I moved to a different apartment.

MR. RUBENSTEIN: So what happened – what happened to him? I mean, I assume you've heard from him.

MR. DELL: I don't know. I think he's a lawyer somewhere. [Laughter.]

MR. RUBENSTEIN: OK. So now, as I remember it, when you started your company, the thing that was very clever and that was unique is you would say, I'm going to bypass the middle man. I'm not going to go to the retail store to buy my computer; somebody would just send you an order and you would make the computer to order. Is that essentially right, you made them to order?

MR. DELL: We created a direct business model, and that enabled us to create all kinds of efficiencies in our supply chain, customer information. You know, today we have a what we call Omnichannel, where we have channel partners and relationships with customers kind of combined together.

MR. RUBENSTEIN: OK. So today – as I mentioned earlier, in 2004 – at your relatively young age I guess you were in – I don't know, 40 or so, or something like that? Thirty-nine?

MR. DELL: Thirty-nine.

MR. RUBENSTEIN: Thirty-nine. You're 50 – you just turned 50 years old. So at –

MR. DELL: In the 50 club, yeah.

MR. RUBENSTEIN: Fifty, OK. Have 50 to go.

Now, at 39 you say I – you know, I'm tired of being CEO, I'll step upstairs, and you did that for a couple years. Was that very difficult to kind of step back as the CEO and have somebody else running it? I guess so because you came back in three years – [laughter] – but what did you miss as the CEO or why did you come back as the CEO a couple years later?

MR. DELL: Well, I was actively involved in the company. I think the industry rate of change started to accelerate and the board asked me to come back as CEO. And you know, I think we needed to make some relatively swift changes in our strategy, and I was happy to do that, and that's what we did.

MR. RUBENSTEIN: OK, so you came back. Let's talk about the industry today. What do you see as the biggest challenges for the American technology industry, the industry that's not only in Silicon Valley, obviously in Texas and other parts of the United States, where people are building companies that are technology leaders? Do you see foreign challenges that are great? And what do you think, for example, in your company are the biggest challenges you face?

MR. DELL: If you step back, what's interesting about our industry and the way our customers are using the technology is, there was this enormous wave of let's make existing businesses more efficient and more productive using technology. And all of us have been doing that for a long, long time. That's been going on. Now you're seeing this, you know, how do you reinvent things or invent them completely new, given all this new technology that's out there? And you know, in the technology sector, we kind of live and breathe this all the time, but now I think it's showing up in sort of all industries.

For any company in our sector, you have to change or die. You have to evolve. For us, that's meant aggressively growing in these new areas like software services, understanding the challenges our customers have like in cybersecurity and helping to go build solutions, to go solve those problems.

MR. RUBENSTEIN: OK. Now, you still make a lot of PCs, as we mentioned. Do you make tablets?

MR. DELL: We do, we do.

MR. RUBENSTEIN: And is that a growth business? Do you think that's going to replace PCs, the tablet business, or?

MR. DELL: I think of the tablet as a lineal descendant of the notebook. The notebook is a lineal descendant of the desktop. There are many different shapes and sizes for the products. You've got workstations, virtual machines, tablets notebooks, desktops, gaming machines. We make them all. Let customers decide.

But I think with the enormous growth in mobile devices, particularly smartphones, there was I think maybe a bit of a swing to believe at some point that all those devices would replace the PC. I think the reality is, it's more of a multi-device world. And actually it's not just the PC and the smartphone and the tablet, it's now all these embedded computers, the wearables, the Internet of Things. So you're kind of going from this world of, let's say, a billion connected devices to a hundred billion connected devices. As the cost of semiconductors comes down, you have this instrumentation and kind of making everything smart and intelligent. That creates all this data, has to be turned into insights and knowledge. And that's really the big opportunity that all organizations have out there, is how do you use this data to make what you're doing more productive or reinvent it some way.

MR. RUBENSTEIN: So talk about big data. Because you have so many customers, you know what they're interested in, among other things. So do you take the data and use it for some other purpose, that you can make another business out of all the data that you have?

MR. DELL: Sure. We use it to improve the efficiency of our own sales and marketing and services – and, increasingly, with data scientists that work for us, help our customers be more productive, efficient, with better outcomes in whatever it is they're doing, whether it's health care, education, banking/finance, manufacturing, et cetera.

MR. RUBENSTEIN: Now, you don't make or manufacture smartphones, is that correct?

MR. DELL: We do not.

MR. RUBENSTEIN: And the reason is?

MR. DELL: There's a lot of ways to make money in IT other than smartphones. So you know, level set this, IT industry is about a \$3 trillion industry, and of that roughly \$2.75 trillion is

commercial business enterprise, public sector, and \$250 billion is consumer. We're much more focused on the \$2.75 trillion.

And so, from a device standpoint, what does it mean? PCs, tables, embedded, workstations. Then we get into the data center, all the infrastructure, the cloud computing, the software-defined network storage, compute. Then we focus on the systems management, the security, the big data. And then, ultimately, one of the most exciting areas is services because we find more and more customers want us to help them implement all these systems, run them for them and help them, make use of all the tools. And we think the combination of all these things together is really important.

MR. RUBENSTEIN: One of your acquisitions was Perot Systems. I think that might have been your biggest. Did you deal with Ross Perot in negotiating that? Or how did that come about?

MR. DELL: I didn't personally deal with him in a negotiation, but he still comes to work every day at our office. [Laughter.]

MR. RUBENSTEIN: Really?

MR. DELL: Yeah.

MR. RUBENSTEIN: OK. All right. So do you tell him what to do, or not really? [Laughter.]

MR. DELL: No, I don't think anybody tells Ross what to do. [Laughter.] Or "Mr. Perot."

MR. RUBENSTEIN: Apple has said they're going to come out with a wearable watch. Are you going to make a watch?

MR. DELL: No. So you know, here's a way to think about the smartphone. For every 50 smartphones that get put into the world, a new server pops up. And the reason a server pops up is because when you get a smartphone, it actually doesn't have anything on it, and you put stuff on it that comes over the network. Where does it come from? Usually not another smartphone. It comes from a server. And so this massive buildup, you know. So you think about the companies that are providing the services that users are using on their mobile phones, we're providing the infrastructure and the equipment to be able to power those.

MR. RUBENSTEIN: As a young man, when you were running the company, you presumably met with Steve Jobs, you presumably met with Bill Gates. How do you compare the two of them? Were they different in personalities? And were you competing with them or were you a customer of theirs? Were they a customer of yours?

MR. DELL: Pretty different. You know, some form of collaboration, and/or competition with either of them.

MR. RUBENSTEIN: OK. And today you were in Washington recently for a meeting with government leaders on – part of the Technology CEO Council. So you met with President

Obama. And what would you say the technology CEOs said to President Obama about technology? Were you concerned about something? What did he say to you? Did he ask you for any free computers or anything? [Laughter.] No? Any advice?

MR. DELL: He didn't ask me for any free computers, but I did wonder how come there's no computer in the Oval Office. But – maybe one day there will be a –

MR. RUBENSTEIN: Ah, it's probably hidden or it's probably overhead, you don't know. But –

MR. DELL: Yeah, so something like that.

But you know, we focused on a couple of issues. Trade Promotion Authority. We are exporters and the U.S. technology industry has done very well, and to continue to do that, we think Trade Promotion Authority is very important. We talked about immigration, and certainly the focus on the STEM skills that we need in our business is a big one. We talked about taxes and how do you keep the sector that we're in competitive. All of our foreign competitors don't deal with this repatriation problem.

And then cybersecurity. There are a number of bills that are being worked on that will help us address this challenge. The cyber challenge is a big one. We see, on behalf of our customers, about 120 billion events per day, and have really built a threat intelligence to be able to understand what's going on. You have state-sponsored groups, you have criminals, you have activists, you have espionage, and you have terrorists, that are all using the cyber domain as a big attack vector.

MR. RUBENSTEIN: So you met with Members of Congress. Were you impressed with any of the Members of Congress that you met with, or not much?

MR. DELL: Oh, very impressed, yes. [Laughter.]

MR. RUBENSTEIN: Do they seem to know technology very well, or you're just kind of teaching them a little bit about technology? Or are they more knowledgeable than I might have suspected?

MR. DELL: I think they're more and more knowledgeable. We met with some of the incoming freshmen and, actually some of whom came from our industry and had pretty refreshing insights into our sector. I think we're pretty proactive about coming and explaining what challenges we see and communicating what the opportunities are.

But look, it's a frustrating environment. There isn't anybody who would tell you something other than that.

MR. RUBENSTEIN: People always want to know what the next big thing is. In technology, if I wanted to make an investment in the next big thing, what area would I put my money in? What would you say would be a good investment?

MR. DELL: I think there are probably many next big things. I mean, this idea of the data economy – call it big data, machine-to-machine communication, machine learning – we think that is an enormous opportunity for not only our customers and organizations, but for the IT industry. To our calculations, there is roughly a trillion-dollar opportunity for the IT industry in, you know, turning this data into real insights. And the availability, the cost to acquire the data just keeps going down dramatically.

MR. RUBENSTEIN: Now, you started your company, as I mentioned earlier, by bypassing the middle man and the factor of the retailer. You went directly to the customer. But Apple, for example, they have a lot of stores now in the United States. They have retail stores, and I think Microsoft does as well. You have no stores in the United States. Are you considering having stores in the United States?

MR. DELL: Well, again, our business is about 85 percent commercial business enterprise public and 15 percent consumer. We do have stores that actually are operated by partners in the emerging markets. So, for example, China, which is our largest country to sell our products into outside of the United States, we have 5,800 Dell-exclusive stores. We just opened our 400<sup>th</sup> store in India. We're opening one every 16 hours there. And you know, business is booming in the emerging world.

MR. RUBENSTEIN: As a percentage of revenues, though, do you have more than half your revenues from the United States still?

MR. DELL: It's about 50/50.

MR. RUBENSTEIN: OK. And today, as you look at your life, you have the opportunity to give away a fair amount of money. I've mentioned that you're very involved in philanthropy. To atone for your sins of not having gone to medical school – [laughter] – you have –

MR. DELL: Still working on that, yeah.

MR. RUBENSTEIN: – you have created – you're creating a new medical school at the University of Texas. Why are you doing that? Doesn't Texas have enough medical schools – or why did you decide to do that?

MR. DELL: You know, interestingly enough, the University of Texas system, with its main campus in Austin, did not have a medical school, which many regarded as a real oversight and opportunity. And so we've been working for quite some time to bring this together. So now we have a new medical school, a new teaching hospital that over the course of 2016-2017 will really get going.

MR. RUBENSTEIN: Right. So at your age, Bill Gates stepped back as CEO from his company, though he was still involved as chairman and so forth. Do you have any plans to step back as the CEO, or you're still happy to be the CEO for quite some time in the future?

MR. DELL: Very happy to keep doing what I'm doing. It's a lot of fun. I'm very energized by the whole privatization. I think that's made life much more enjoyable.

MR. RUBENSTEIN: So you and your wife have a foundation, as I mentioned, that's given away a great deal of money. When you and your wife, just thinking about things, if you disagree on where the money should go, how do you decide that? [Laughter.]

MR. DELL: You know, if we disagree, we just don't do it. Fortunately, we have a lot of the same values and beliefs, and they have certainly been some great ingredients for a fantastic marriage.

MR. RUBENSTEIN: You've been married 25 years.

MR. DELL: Married 25 years.

MR. RUBENSTEIN: You have four children.

MR. DELL: Four kids. And you know, the foundation is something we do together and it's been a lot of fun, very rewarding. She spends more time on it than I do. I'm spending my time basically on Dell.

MR. RUBENSTEIN: Explain this to people here. Everybody would say, all right, this man has a perfect life. He's built a great company, he's got a great marriage, four kids, got a lot of money to give away. What's not perfect in your life, to make us feel better? [Laughter.] Just make us feel that there's something not perfect, that we can say, OK, he hasn't had a perfect life. Is there anything that you can say that's frustrating, or? [Laughter.]

MR. DELL: Well, look, I feel very fortunate and grateful to be born in this country and have the opportunities that I've had. I don't really have a lot of complaints. There's nothing you should really feel sorry for me about. So I – [laughter].

MR. RUBENSTEIN: OK, so – all right. All right. Well, like, for example, do you play golf or do you have a high handicap? Would that make us feel better, or? [Laughter.]

MR. DELL: I'm undefeated at golf.

MR. RUBENSTEIN: Undefeated? Wow. [Laughter.]

MR. DELL: I've never played, so I –

MR. RUBENSTEIN: Oh, you don't play golf, OK. [Laughter.]

All right, OK. All right. So for outside activities, what do you do to – you're obviously in pretty good shape. Do you exercise a lot? I mean, what do you do that relieves tension?

MR. DELL: Yeah, I like to stay outside, move around, whether it's hiking, walking, a little running, cycling.

MR. RUBENSTEIN: And if people want to get a hold of you, they can email you, or? [Laughter.] How do you stay in touch with your office? Just regular telephone communication or emails, or what is your –

MR. DELL: Well, we go to the office, you know. [Laughter.]

MR. RUBENSTEIN: Right, right.

MR. DELL: And so, that's one way. [Chuckles.] And certainly we – [laughter] – it's all the normal ways, right? So you know, email, phone.

MR. RUBENSTEIN: Right. But you think it'd be as easy today for Michael Dell to start a company today or it would be easier than it was then? You know, if you were to start today – so you're 19 all over again today – and what would your advice be for young entrepreneurs, somebody that wants to start a company today? What should they do? Should they drop out of college? Should they get their degree? If your children came to you and said we're going to drop out of college and start a company, what would you say?

MR. DELL: Well, I'd want to hear what their idea is, you know. [Laughs.] I don't think dropping out of college is for everyone. You know, it worked for me, didn't work for Charles Manson, you know. [Laughter.] So I think,

MR. RUBENSTEIN: Right, right, right. [Laughter.] You're probably right.

MR. DELL: But look, I mean, if I was 19, I would be trying to figure out what company I would go start. If, in the process of going private, somebody had bought the company from me, which was a very real possibility, I probably would have started another company.

MR. RUBENSTEIN: Well, at the time Carl Icahn was saying something like he might make an offer. I don't think he actually did. But suppose somebody had done that. You would have just cashed in your chips and started another company?

MR. DELL: If somebody had done that, very likely I would have started another company.

MR. RUBENSTEIN: In the computer area or technology area?

MR. DELL: Not going to say –

MR. RUBENSTEIN: OK. [Laughter.]

MR. DELL: – what the company would be, but yeah, likely in the computer area. I mean, that's what I love. It's what I know.

MR. RUBENSTEIN: So in the philanthropy area, most of your philanthropy is in the United States, or is some of it outside? How do you decide how much to put in the United States versus outside?

MR. DELL: Started in the United States. It's been expanding around the world. We've been very active in India and also in South Africa. And you know, we continue to expand what we do. Again, the focus is on children and urban poverty. We've done a lot in the education sector using insights that we gained from the Dell experience in terms of how do you use data and knowledge to inform progress.

So, for example, in education, there is a standard that's been adopted by over half the states here in the U.S. called Ed-Fi, which essentially is a way of normalizing all the information that a district may have about a student's performance and outcomes. And the challenge here is, a kid goes from the third grade to the fourth grade; what does the fourth-grade teacher know about the student from the third grade? And the answer is, it depends. Did the teachers talk? Were records kept? That information can be incredibly helpful.

The other challenge you have is that two kids can go into two different classrooms in the same school, learning the same subject, and have very different outcomes. And so how does a principal, a district, parents actually begin to understand all that data and start to do something about it? So we've been very focused on those kinds of opportunities.

MR. RUBENSTEIN: So in the philanthropic area or business area, what would you like your legacy to be? I mean, 10, 20, 30 years from now, what would you like people to say about what you actually accomplished?

MR. DELL: The goal we've set for ourselves is to figure out how to make a bigger impact on the world through our philanthropy than we have through our business. Don't exactly know how to do that; I think we're off to a reasonable start. The foundation has done some great work.

Like you and I talked about before, earlier, it's not easy to do it really well. And you know, we treat it like an investment activity with real measurement of results and returns. And we also look for projects where we can change the trajectory – make a meaningful difference, and then leave and have it continue without us.

MR. RUBENSTEIN: So, being Michael Dell, when you're living in Austin you're obviously well-known there. You're well-known everywhere. But can you go into a 7-Eleven and not have people say "I have a good idea for a computer" or "Here's a new technology idea"? Or do people just leave you alone when you're walking around shopping, if you ever shop? Or you don't shop that much, probably. [Laughter.]

MR. DELL: I like to shop online. You know, I find that's – [laughter] – a lot easier.

MR. RUBENSTEIN: But if you ever walk into an Apple Store, for example, and – [laughter] – you wouldn't do that, right? You wouldn't go into an Apple Store and they would know who you are right away I guess, right?

MR. DELL: Haven't had that experience. [Laughter.] But you know, people generally leave you alone. I don't find that it's a big problem, which is good.

MR. RUBENSTEIN: And have you had role models in the business world that you would say that you have aspired to be like them, or people that you really admire in the business world or technology world?

MR. DELL: I think you can learn from just about anybody, positive or negative. And certainly, in the tech sector, we've had some great folks before us, who have paved the way and led us through all sorts of various challenges. I've been fortunate to have known and worked with just about all of them.

MR. RUBENSTEIN: So as we were talking about at breakfast, you seem like a very even-keeled person. You don't seem to raise your voice very much, don't seem to get upset. You don't, as I understand it, throw things.

MR. DELL: [Laughs.]

MR. RUBENSTEIN: So when you're mad, how do you tell people know that they're not doing a good job? What is your way of actually showing anger to somebody if they're not doing a good job?

MR. DELL: I don't think you have to throw things. You know, it wouldn't seem like a good idea.

I'm direct in my communications with our teams, spend a lot of time on making sure, certainly for the executive team that I work a lot with, that we're all aligned on what it is we're trying to accomplish, everybody knows how they're doing relative to the objectives that we have and there's no confusion about where we are. I think having a constant kind of realistic assessment of where you are and what is working well, what's not working so well, what needs to change is super-important.

MR. RUBENSTEIN: So if when you met with the President the other day he said, I'd like you to come into the government, serve as a senior Cabinet officer, be an adviser to me full-time, would you ever consider going to government, or ever consider –

MR. DELL: No thank you. [Laughter.]

MR. RUBENSTEIN: No? Ever consider running for office?

MR. DELL: No thank you.

MR. RUBENSTEIN: No. And so what you'd like to do to help your country is what you're doing now: build a good company, operate it, pay taxes and philanthropy?

MR. DELL I think I could be much more helpful with that, yes. You know, I have taken on various roles from time to time where I think it can be helpful. So, for example, the United Nations asked me recently to be their ambassador for entrepreneurship. And you know, in the fall, the General Assembly is going to vote on the Sustainable Development Goals. And my job is to convince world leaders that job creation and entrepreneurship ought to be one of the Sustainable Development Goals – Sustainable Development Goal number eight if you happen to be voting. [Laughter.]

I mean, my experience around the world is that if you look at new jobs, 70 to 90 percent of them are created by entrepreneurial businesses, small, growing businesses. And you know, governments can or cannot do things that can help that, and I've lived and seen some interesting experiences.

So we have a site, for example, in Morocco. And you know, I was there, relatively recently. We have 2,000 young, excited people that are energized and love what they're doing. And I remember, when we were deciding whether to put that site in Morocco or Tunisia, it was pretty close. It was maybe 60 percent Morocco, 40 percent Tunisia, and the Moroccan government did a few extra things to kind of make it a little better and we decided that was a good place to go.

But I think we should be thinking a lot about where do the next 500 million jobs come, where do the next billion jobs come from. I believe they come from these small and entrepreneurial businesses.

And we also should be thinking in these sort of conflict zones, where you have a lot of young unemployed people, how do we figure out how to get them jobs. Because if you have a new government, new administration, but you still have a lot of unemployed young people, you haven't really solved the problem.

And what I also worry about is these places where we've been, let's say, dropping bombs for a few decades. Once all the smoke clears, you still have a lot of young unemployed people. Unless they can go back to their families and explain that tomorrow's going to be better, you've still got a problem, and there's no new administration or whatever that can solve that problem. So I think we ought to be thinking, how do we go create some jobs over there? Because that, to me, is the root problem.

MR. RUBENSTEIN: So any regrets in your career? It's a remarkable career in business and philanthropy and personal life. So any regrets, again to make us feel good that there's something you think you didn't do right, or no?

MR. DELL: [Laughs.] Well, I mean you could have done this, could have done that. But I mean, that's just not how I've lived. So, you know –

MR. RUBENSTEIN: All right. So, final question: If I wanted to go out today and buy a PC, which one would be the best value for the money for me if I wanted to spend a couple thousand dollars? Do you have anything you'd recommend?

MR. DELL: Well, David, I understand you're reasonably well off. [Laughter.]

MR. RUBENSTEIN: I'm not compared to you. [Laughter.]

MR. DELL: So what I would recommend for you, given that you're traveling all over the world and you want to have the latest and greatest, is our newest XPS 13.

MR. RUBENSTEIN: OK. And that costs roughly?

MR. DELL: Depending on the configuration, call it a thousand dollars, something like that.

MR. RUBENSTEIN: OK. All right. No discounts, but a thousand dollars. [Laughter.] All right. I don't get a discount, OK.

MR. DELL: Everybody gets a discount, so.

MR. RUBENSTEIN: Everybody gets a discount, OK? [Laughter.]

Michael, I want to thank you very much for a great interview. [Applause.] On behalf of the Economic Club, I'm going to give you a gift. This is a copy of the first map of the District of Columbia.

MR. DELL: Thank you.

MR. RUBENSTEIN: Thank you very much. You were great.

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## **Michael Dell**

Founder

Chairman of the Board

Chief Executive Officer

Dell Inc.



Michael Dell is the chairman of the board of directors and chief executive officer of Dell, the company he founded with \$1,000 in 1984 at the age of 19. Notably quoted as saying that “technology is about enabling human potential,” Mr. Dell’s vision of how technology should be designed, manufactured, and sold forever changed the IT industry. In 1992, Mr. Dell became the youngest CEO ever to earn a ranking on the Fortune 500.

Today, Dell Inc. is composed of more than 100,000 team members who serve the IT needs of global corporations, small and medium businesses, governments, healthcare providers, educational institutions, and home computing users. From tablets and PCs to the infrastructure, software and services that power the world’s most complex data centers, and cloud computing environments, Dell’s broad range of IT services and solutions has helped millions of customers around the world achieve the outcomes that are most important to them.

In 1998, Mr. Dell formed MSD Capital, and in 1999, he and his wife established the Michael & Susan Dell Foundation to provide philanthropic support to a variety of global causes. Mr. Dell is an honorary member of the Foundation Board of the World Economic Forum and is an executive committee member of the International Business Council. He is also a member of the Technology CEO Council, the U.S. Business Council, and the Business Roundtable. He serves on the governing board of the Indian School of Business in Hyderabad, India, and is a board member of Catalyst. In June 2014, Mr. Dell was named the United Nations Foundation's first Global Advocate for Entrepreneurship.