



Victor Basta

Interviewed by

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Welcome to the Archives of Information Technology. We're in the Worshipful Company of Information Technologists in the City of London. It's the 16th of November 2016.

This is a very dynamic industry that has been shaped and reshaped often by mergers and acquisitions. IBM itself was set up by a series of acquisitions by venture capitalists in the early twentieth century. And in this century companies are really buying up organisations so that they can get hold of their products, their technology, and their customers. Google has bought over 160 companies; Microsoft over 170. So mergers and acquisitions are really shaping this industry. And so I'm very pleased to introduce Victor Basta, who's a maestro of mergers and acquisitions.

[laughs] All right.

And you first came across the IT industry in terms of your activities in mergers and acquisitions working in New York for the General Motors Treasurer's Office. Is that correct?

That's correct. It was many, many years ago.

And what was your job there?

Well, it was corporate venturing before there was corporate venturing. What General Motors decided to do was invest in small companies that had technology that they couldn't develop, or, or didn't feel able to develop internally. And, so what they wanted to do is get a window in technology, and also to be able to bring technologies into cars faster, was the thesis. So, for example, surprisingly, we invested in companies that did heads-up displays. Well this was in...

1986?

Eighties. Right. It didn't exist, heads-up displays. GPS was something that nobody had ever heard of, and we invested in one or two of the very early stage GPS companies, where they did the mapping by hand, you know, in Vietnam I mean, and

then, put it digitally. Those were the days. And in fact one of the companies that we invested in Rupert Murdoch bought, because, the demo they did in a car, he drove around the lot at 20th Century Fox in a Lamborghini or something like that, drove around at super high speed apparently, but he owned the place, so, he could. Loved it, and, he bought the company. The company hardly existed, but he paid 30, 40 million dollars for it. And, the funny thing is that, that company actually operated by having something on the axel of the car, you know, as it...

Spun.

So, it did geolocation by having something attached to the car, rather than satellite. So... And they thought the satellite thing was imprecise. And that is when you get in early technology. And, so, for me it was a great opportunity to be able to call and talk to almost any technology company that had any relevance to General Motors, which was about probably, most of the universe, talk to them, and potentially in some cases invest in them. Factory automation, robotics, we invested in early stage robotics companies; AI before there was AI. Those kinds of things. Now, I have to say that, General Motors was so aggressive about it that they killed many of these companies, because, you know, they would invest in a company, buy 30 per cent, and then they would require them to do 45 things, and because the company had 30 per cent from General Motors, and of course GM had lots of revenue, they did anything GM told them, which destroyed many companies, without meaning to. Very, very early days, very early windows into technologies, from a vantage point of being entitled as a young kid to go into almost any company and learn anything about them.

[03:35]

So, what you're saying about your experience there is that you saw a very large company with a large amount of cash available to it, in some ways squeeze out because it made the agenda for these small companies instead of allowing their founders to find their own way.

Sure. Which, funnily enough, now, 30 years later, still happens. It just happens with greater regularity, because there's more corporate venturing. The same dynamic happens also in M&A, as you know, If people do it badly, they can destroy

companies, as well as, of course, promote them. So, I saw the inadvertent bad side. But also saw some successes. I mean, we were able to commercialise some technologies in some of these companies that came into what became the factory of the future at General Motors, and actually improved efficiency in factories by an order of magnitude more than ever could have done through a set of processes. So, some of them did actually transform parts of the company, but yes, they did it badly. Nobody had a playbook.

[04:34]

Do you think that General Motors got return on investment, positive return on investment?

Inadvertently. Inadvertently in the sense that, across all the things that they invested in, and now you're going back very many years, they made money on the investments because, enough of the company survived, frankly, and they could use the fact that General Motors owned a chunk of them as endorsement value, and, then they were acquired for a reasonable price. Certainly not in terms of what they were able to bring into the organisation, which was the original thesis. And actually they didn't get any value from that, which is why they went off and bought EDS back then, Hughes Electronics, which is a defence company. So they bought much bigger businesses that were self-standing. They thought, well, we won't destroy them; maybe they will then have a positive effect on us. So they made money, because the companies got sold for good prices, not because GM had any process to get full value.

Right. So it went for these bigger companies later on. Ross Perot's EDS.

Yes.

Which they probably regretted, did they?

[hesitates] Regretted. It didn't work out as expected. So, as a young kid actually, I had the privilege of being called into the chairman's office at General Motors, Roger Smith at the time, who's memorialised in a Michael Moore film which, you know, didn't exactly paint him in the best light. Trust me, I knew Roger Smith, and that

wasn't, you know, a, a distorted view, let's put it that way. And, so, Roger called me up to his office, a tiny little man, they usually are tiny little men, and, and he said, 'Come here!' you know. And then, that was pretty much hello for him. Then he brought a walnut box, and he handed it to me, and he said, 'Here, give this to Mr Perot,' OK. The board meeting was happening the next day at General Motors, and, you have to understand, it's very hard to explain, an entire floor of the building in 59th Street in Manhattan was devoted to the very infrequent board meetings General Motors had, an entire floor. Only once a month did anybody ever show up on that floor, yeah? And they made French oak extinct, I think, by [inaud] panelling. Gave me the box, said, 'Go down the hallway.' I'm walking down the corridor, and, I cannot tell you how quiet and eerie it was. Walk over, knock on the door, go into another very beautiful office. The secretary ushers me in, and there's another little man, with big ears. Ross Perot. And, he turns to me, and I said, 'Mr Perot, I have something for you.' He said, 'Come here!' It's great, this is, you know, frying pan into the fire. So I walked over and gave it to him. [pause] What I should tell you though is, on the way over, I had a peek in the box. I opened it, and there was a cheque for \$753 million, written out by hand, right? I literally saw, I, I couldn't believe it, I thought I was going to fall over. I've never even seen... Hand-written. Well maybe 735, I can't remember. The next morning they announced that Ross Perot was leaving the board, he was getting a pay-off of seven hundred and some million dollars, and that was the end of Ross Perot at General Motors. Right? Of course I had that moment where I thought, if I took the cheque and countersigned it... Anyway. I didn't.

[07:50]

You didn't. So, you were not in jail.

History was not, was not averted.

You were not in jail. And you moved to Deutsche Bank.

Yes.

To be Senior Associate in M&A.

Yes.

Why did you move?

My boss was hired. He was head of business development at General Motors, Paul Stern, brilliant man, mentor. He got poached. Deutsche Bank wanted to do technology mergers and acquisitions. Then they met Paul, loved him, hired him, he spoke German. And then he, there were probably ten or twelve of us, he called two of us, and hired us.

So, this was not a transfer into Germany; this was working through, again, in New York and London now.

Said, 'Come down the street and work for me.'

Right.

'Here's what you get.' I thought, well, OK.

And it was worth it?

It was worth it. They, they then sent me to open the, or help open, the London M&A activity for Deutsche Bank. And then about three or four months later they bought a small company called Morgan Grenfell.

Oh.

Yes, exactly. Yeah, I had a short-lived tenure as head of London M&A [laughs] for Deutsche Bank, or Co-Head or what the hell it was.

And what were Deutsche Bank looking for particularly?

They wanted to do technology. They thought it was quite cool, very interesting.

1988 to 1990.

Something like that. They had no idea what it was. But, they seemed to have clients who were in the technology industry, and they thought it was a good idea to, be in it.

In what role?

Well, so...

As an investor?

No. They wanted to advise German companies who were going to acquire in, in the, in the United States. And they thought, they had enough of their German clients who were interested in acquiring technology companies in the US, and they had no facility to be able to serve them. That's why they hired Paul, and that's why Paul hired us. And so, we had a... It was very, very odd. My boss's boss was Sebastian von Ribbentrop. I know. Yah. Touch, you touch pieces of history that, don't know, a bit odd. But that's all right.

[09:53]

I have a theory, and you may squash this theory if you wish, that any time the Americans sell us something, us Europeans something, we should look very quizzically at it, because they normally sell us rubbish.

In those days it was very true, because there was an asymmetry of information. You couldn't find out very much about businesses, and, you know, there was kind of, the local knowledge that you really didn't have, and so, you flew in from the [inaud] and, you know, and, beware of the gifts. These days not really. Information's too good.

[10:25]

Right. So they were looking for people who they wanted to, help, advise, as they went into America.

Yes.

And these European firms were looking for technology, clients?

Technology; not really clients. SAP, Software AG. Bosch. I can't remember. Those kinds of companies. And they, they were already reasonably well-established, but what they wanted to get was, interesting technology in the US that they couldn't develop in Europe. Other than one or two larger companies, as you probably know, back then, there was a kind of allure to American technology. You know, European technology was inferior. I know we laugh about it these days. And it was second-rate. And so, they would buy the best in America, and, you know, then sell it both in America, and, well, bring it home.

Right.

Doesn't apply, that, any more.

What were the most interesting acquisitions that you were involved in at Deutsche Bank?

There was a couple of deals we did for Software AG. We, we had AT&T as a client, and we did a couple of deals for them when they were looking to do deals internationally, which was very strange. A deeply American company, and didn't really know where anything was, and basically hired Deutsche as their window on the world. And so, I lived in New Jersey, didn't physically but metaphorically, lived in New Jersey for months and months, walking the corridors of AT&T. So, I can't really point to a particular deal, but AT&T was my kind of anchor client, and, it just was very funny to get so close to another large corporate; having worked at GM, it was like going back home again. Not a home I wanted to go back to, but, anyway.

[11:54]

And the income from Deutsche was fees for this advisory role?

Correct.

OK, not investment itself?

No. We went, I went from being an inexperienced but very active investor to a reasonably inexperienced, very active adviser.

Right. Which do you prefer?

[pause] Which one I prefer? [pause] Overall, advisory work. Most companies, at an early stage, have a very, over-exaggerated sense of their self-worth and their value. And you have to swim against that as an investor. And so, you are constantly talking people down, if you want to make an investment on terms you think are reasonable, or at least more often than you would like to. From an advisory point of view, all joining the party day one, and then the market sets the price. It's a little bit different. It can be exogenous, you know, you don't have to be, you don't have to convince somebody. And it's still the case. There is a dreamer mentality which is one way, or one reason why people do businesses, but the dreamer mentality with a degree of inexperience leads people to have a flawed sense of what a good deal looks like, a good investment looks like.

[13:18]

So you've been in this business about 30 years now.

Jesus, yah.

Something like that.

Right.

Have you ever had your own skin in the game?

Yup.

When was that?

Oh no, I, I mean, so two, in two ways. One is, I founded two advisory firms that put my own skin into the game. I built...

Yes. That's advice. But actually in the...

So...

...in the process of M&A.

Well... Sure. So they are companies, and I funded all of them, I invested in them, and I built them. So, I built my own companies on more than one occasion. So that is a certain skin in the game. More broadly, we have put, I put money into a whole range of companies over the years, companies I come across, either they are clients, prospective clients, or people that I know through the network. Too many to mention particularly, but, they are... And both in the US as well as in Europe. And we do it very, very quietly.

[14:08]

OK. In September 1989 you move to the company which you have been in for the most of these years, for twenty years and three months, Broadview International.

Yes.

And you are Co-President of Worldwide Advisory Business. You had 500 staff and 300 million dollars in revenue.

Yup.

What was Broadview doing?

They were doing advisory work. It's the number one advisory firm in the United States for technology M&A. Did more technology merges and acquisitions deals than

anybody else, and, was consistently the number one independent, maybe number one generally. And also number one in Europe.

[14:53]

There have been some spectacular failures in M&A in this sector, haven't there?

There has been, for instance, the purchase by Hewlett-Packard of Compaq, which a few years later you saw just destroyed of value, the whole share value of Compaq.

Autonomy, Microsoft Nokia.

HP Autonomy. Microsoft Nokia. AOL Time Warner.

Mm... Yah, it was, not a failure. They just paid way, way too much, but, you know, the business didn't fall over. Nokia just disappeared. That's different. AOL was just, grossly over-valued. Yes.

So you have plenty of experience.

Yah.

What would you say are the top five things that make M&A work?

[pause] Um...

Let me put somethings to you, and, see how you rate them.

Yah.

Cultural symphony between the two.

[pause] Overrated.

Really?

Yeah. A lot of people talk about, well we need to align cultures. Cultures are never aligned. There are no two organisations where cultures are aligned. It's, how you, it's the process of alignment. So, if you're going to acquire a business, and it's going to, and you want to be successful, you can't be outside of a certain range of behaviour. They, companies can't have totally different cultures, but they always will have different. So it's not about that. It's about how you align them over a period of time. So it's the process you put in place, for how you bring that together. Or more importantly, how you bring the target company's culture closer to your own. Assuming yours is a good one.

And you advise on that?

We get asked for our advice. We don't advise on it. They're two different things. We advise on putting deals together. We get, I get asked for advice, on all sorts of things.

And what would your advice be if I asked you how you align cultures?

[pause] [laughs] Well, to be honest, the single most important thing is who you fire. So, just focus on who you're going to fire, and be clear exactly why, and understand what the messages are internally that that's going to send. Most people make decisions about firing senior execs, if they do, at companies they acquire, based on functional spec. You know, we don't need X. Right? But, you are sending a signal to an organisation what is an important set of characteristics, because that's how they view that person. They don't view that person as a redundant functional X; they view them as a person who embodies Y, good or bad. Get rid of Y, and you've sent a message. So, if you focus on terminations based on the cultural dimension, not just the functional dimension, then, you can make an enormous difference. When you say firing the right people, it just is a different definition what the right people are.

That's quite tricky.

Yep. But it's possible. But, look, people have a view of other people in an organisation, and there's a mystique built up about other people in an organisation.

Today, that is virtually transparent, and you can get a glass door and get a lot of information. You know, you have no excuse today for not being able to work out what are the messaging implications of an action you take.

Yes.

You have no excuse. Back then it was tricky. But I would argue, today it's much easier. [laughs] But you don't always do it.

Right. What about timing, is that vital in M&A?

[pause] It's also overrated. [pause] You can only say you got your timing right in hindsight, so it's not a helpful... It's overrated because it's unhelpful. What are you going to do when you say, get your timing right? OK. Great.

Right.

The reason I do a deal is not because I think I've got the timing right. The reason I do a deal is because, something's wrong in my business, something's going very well, somebody told me to do something, a board member. There are 45 reasons. I may or may not, in retrospect, have gotten my timing right, but it has no bearing on my decision-making, really, at the margin. It certainly is not something I can take into account, other than the most vague way.

Price presumably is pretty vital.

The price is too high, the price is too low. Well, OK. I mean, you know, London property ten years ago, you said, oh my God, I'm never going to go any higher than that. Who knows? Honestly. There are times when you look at it and say, that's impossible, not sustainable. Sure. But that's not about timing. That's just saying, that space, that type of company, that whole thing is not good. But, you know, that's not about, I'm going to finesse the timing by three months and I'll do a much better deal.

Right.

Occasionally. I'd say, you know, there's probably ten, 20 per cent of the deals where timing, you could probably get a clear sense on, and you, you really should factor that in as a major consideration. But it's very rare that it actually is, really informs your decision. So, when you're saying, what are the things you look for? I look at things that would, you could either measure, or, get your arms around, and that can inform or change your decision. Rather than, an ex-post re-hash.

[20:22]

Presumably due diligence is absolutely pivotal.

Yah. OK, now, well, yeah, and I can't say that none of them don't matter. Some do matter, and that one does matter. Yeah, so, the company, large companies... Now, this is, you know, somebody's looking at this 50 years from now, they might laugh because the companies don't exist, right? But, there is an enormous difference between, for example, the due diligence that Oracle does, and the due diligence some other companies do. I mean Oracle is better than almost, I mean, any investor, anybody in the world. It's the best in the world, as far as we can see. So, there is nothing that they will leave unturned, is one example.

Why are they better?

Because it's entirely systematic. You know, they... When you go through due diligence with Oracle, they'll send you a set of Excel sheets to fill in, right, that's how they do due diligence. Fill all of this in, give you all of these numbers, and then we'll look at all of it. Rather than, what a lot of companies do, is, they will say, 'Well, send me what you have,' and then they have to decode it. Well, if I send you what I've got, I've already spun it a certain way. Data is data, you can analyse it. But you can make it hard for you to analyse. And most people who do due diligence, don't get paid any more to be more diligent. So, they're kind of diligent enough, and then it's somebody else's problem. So... Plus some of these people are lazy most of the time, as we all know. But, so when you have a tool, a set of tools, that enforce a degree of granularity in due diligence, then you really leave no stone unturned. Apple also has

world class due diligence; other companies, which I won't name, is, send me what you've got.

Right. So one of the things that you think is crucial, and to the acquirer, and for a successful acquisition, is that you set the terms of the information that's given to you?

Yes.

Not just, give me what you've got.

20, 25 per cent of companies who do acquisitions do that.

Right. Why the rest don't do it?

Human beings are lazy. The brain is the laziest organ in the body. It just doesn't want to do any work.

OK. Human nature so to speak.

Yes.

[22:35]

Tell me about the business between September 1989 and November 2001, when you were Co-President of Broadview International, what sort of business were, tell me some of the big deals.

Oh my goodness. What did we do back then? Well a lot of the companies [laughs], don't exist now. We, we sold... I'm smiling. We sold Blue Mountain Arts, which, you know, allowed a husband and wife to create a foundation for, \$800 million I think. It was an online greeting cards company. I think it was sold to Excite@Home, if you remember Excite@Home. That was the search engine before Google, right? And it goes back a long ways. I mean you're talking about a very short period. We merged a couple of companies. QXL and Ricardo. If you remember, QXL was a competitor to eBay, they kind of got run over by e Bay. Well, they paid another 800

or a billion dollars or something for Ricardo, I can't remember. Ricardo was a German equivalent, so these were creating an international eBay competitor. Again, doesn't exist any more. I'm sort of embarrassed to go back through it to be honest, because, a lot of the companies that are kind of, you know, roll off the tongue, don't exist any more. The thing is actually, that, half of the companies that go public in the tech industry, five years after they go public they are merged, bust, something. You know, completely... Or are delisted. I mean, it's a, the shelf life of a public company in tech is very very short. So, I guess, I shouldn't be surprised that a lot of the companies that I can immediately think of, you kind of, you know, roll your eyes; that's just what happens. We did a bunch of deals for Cisco, I can't even remember what they were, but they were, they were huge buyers at the time, bought everything in those days. But again, I'd have to get back and think, it's quite a long time ago. I wasn't Co-President the whole time actually.

No.

You know, didn't join fresh-faced and then immediately get put in a corner office, but, it happened over time.

[24:36]

And in September 2002, you became Adjunct Professor...

Yes.

...at INSEAD.

Yes.

Now this is a very prestigious operation in France. Fontainebleau.

Yes.

And you were in the entrepreneurship department.

Yes.

What drew you into it? The groves of academe.

Yes. Well, so I, I left Broadview. They... We had, I think, 500 or 600 people. And then the 2000 bubble came and went, and, so, we had to cut it down to 150. So I ended up firing, a lot, I mean... And since my job was to fire people for about two years, you know, it was either, leave the business or, you know, become an alcoholic probably at the end of it. So, I figured that was the, lesser evil. So I got very good at firing people, unfortunately, but, it's not a skill you want to continue for the rest of your life. So I decided to take some time off, and, you know, then do something a little bit different. So this was my break, enforced break.

Were you scarred by the bubble exploding?

Nnn... Scarred is too strong a word. It was a humbling lesson in, in how you can be blinded in your own judgement, you know. We did an analysis, which we put to one side, of the size of the companies we were working with. Not the value, but the size. And we realised that between 1995 and 2000, the size had gone down. They were smaller companies than we had ever worked with. They can be worth a billion dollars, but they were tiny. But, everybody thought, nah, don't worry about that.

I was writing in the Times saying, this cannot go on. And I was constantly being told, 'Oh Richard, you're so old hat. You don't understand the new economy.'

You didn't understand it, neither did I. Nobody understood it. We... Well, we were... I mean the thing is also, we, the reason I left Broadview, I think, if I remember right, was, it was, I had been there for twelve years, I'd been a partner for many years, and, it was the first time we had ever shouted at each other, as a, we, the three people who ran the business basically. And we ended up shouting at each other. And the reason we shouted at each other is because, we couldn't agree on how many people to cut. And we were all wrong. I mean like, by a, way wrong. Nobody thought we'd have to cut down to, 100 or 150 people in the firm, nobody could even

imagine it. So, the whole, that's a humbling lesson, you could be that wrong. So wrong. You think you have... You could be a little off course. But, anyway...

[27:02]

Do you like teaching?

I got reasonably good at it, and I did fall in love with it. Initially, I wasn't really sure. So... The nice thing about teaching, and you'll know from the fact that you did it, is that, you can't just walk in and wing it. And again, you need to put a lot more structure in than people realise. And only when you put that structure in, you know, do you do take people on a journey over the course of each of the sessions, modules, whatever they call it, and then over the course. And so, you're creating a journey through the entire elective that I taught, was something I had never done before, you know. And, and these were smart kids. So... And they paid a lot of money. What else I realised is, they told me, I think it was my second or third day there, two of them said, 'You know, we've personally paid,' x, 50,000 euros or whatever it is, 'ourselves. Better be good.' So, OK.

Was there an attitude that they had already bought their diploma?

No. No, very interesting. Not at all. Well, so I was teaching a course on preparing for successful exit, right, so, it was... And you know, one of the first things I do, I have a sort of a, little foil of a private jet and a little foil of a kind of, private boat, and, you know, basically this is what the course is about, you know, how you can... This sort of thing. Everybody laughed, but, they realised, actually, if you show up, and do the work, you might actually learn something here that could really, you know, have an effect on you later on. Plus also, it's not something that they could get taught by any professor or something you learn en route to a PhD. So, if they didn't get it from somebody like me, they may never get it. So, at least on my course, very rarely did I have the feeling that somebody was just, already, you know, going through the motions.

I remember when I was preparing to teach, I often thought, I had to think quite deeply about, OK, I do it this way, which I'm going to teach the students. Why do I do it this way?

Yah.

And you have to really drill down into your own mode of operation.

Correct. Well actually, I didn't even get to that point, because they cut me off and said, 'Why?' So my first session that I taught, and somebody piped in and said, 'Why do they do that?' I was like, OK. I'm trying to remember what it was about. It was, something about doing recapitalisations and, you know, but, it doesn't always work out for these reasons. Somebody said, 'Well why would they do that then?' And it stopped me dead in my tracks. And in front of, 40, 50 kids I think. Oh God! I'd better go back. So then, I did what you did, which is, I started asking myself why, before each of the courses, classes rather, than letting anybody else do it. But yes, it's a very good way of digging into what you do.

[29:45]

And, you did that for yearly five years?

Yes.

In parallel though, of founding and becoming Managing Partner in Arma, a-r-m-a, Partners.

Yes. I made myself Managing Partner, so, yes, I did that.

OK. LLP.

Yes.

Yes. I want to just probe these LLPs. Limited Liability Partnerships.

Sure. You don't... In our business, people get sued, so you just have to... Yeah.

On the one hand you've got the privilege of a partnership, and on the other you've got limited liability.

Correct.

Yes. Clever. Clever.

Well, being a partner doesn't necessarily mean that you expose yourself to full liability forever and ever. So... Otherwise people wouldn't do it. I mean, let's put it this way. If I, if there wasn't something like that, I wouldn't do it. So, that's fine, you can change the rules, and get rid of it, no problem, but I'm not doing it.

Right.

So, lesser evil.

And this again was advisory services.

Correct.

So you're not going to be an investor?

No.

You might be a personal investor.

Yes.

But, the company itself is not going to be?

Correct.

And you won international deal of the year. [VB laughs] SUSE Linux to Novell.

SUSE Linux. Yes. Yes, it was...

What was that deal about?

Well... Yes. So, there's a company, again, 50 years from now maybe nobody will know this company, but, it's a company called Red Hat. Well, Linux, you know Linus Torvalds. Was a one-man creation machine, for that, put the code out originally, as you know. And there were two... And of course to make money on Linux, you need to do Linux distribution, because Linux is free by definition. And so what people did is, they would set up, they would take the Linux kernel, and then they would do services around it. So, you could deploy, you know, open source databases and open source applications, and people would do services around it, so that you could make an enterprise grade. And, then, two companies grew up, one was Red Hat, in the US, which has done very well, and SUSE Linux in Germany. Those were the two reference players. And, Novell needed to reinvent itself, because Novell had hit a brick wall as a business, and so they bought SUSE Linux to reinvent themselves as an open source company.

How much?

It was a few hundred million dollars. I don't know if it was reported. Probably was. But I don't know. It's kind of, between, it's near \$500 million. I, I could... If it was all reported in, probably was, but I'm just hedging a little bit. And it was the smallest ever international deal of the year I think. And the reason was, nothing else was going on then, you know. [laughter] I mean honest to God. You know, I mean please. These days, I mean, Qualcomm just bought NXP for 45 billion, you know. Anyway. So, yes, so I was, I was the one-eyed man when literally nothing else was going on.

Right.

Yah.

[32:31]

And companies like Arma Partners, is this an hourly charge, or is it the size of the deal? How do you rate your fee?

It's, we're a high-class estate agent. That's how we charge.

Percentage. The bigger the deal, the more you get. Whatever work you put in.

Correct.

What's the biggest fee you've ever got?

Oh. [pause] Probably 25 million dollars, as a firm. Pro... Well, yah, roughly. Something like that.

Right.

Again you're catching me on the fly here. Not... I mean, you know, it wasn't somebody who brought me a cheque for that, but..

No.

But, in terms of...

It wasn't the Ross Perot moment for you.

No. No, no.

Not quite, but, but close.

[hesitates] Yah.

You got a cigar out of it.

You divide it by a big number and cut off a nought, then, divide it further, but, yah, you can get there. I think it was that. Nobody has ever asked me that question, so sorry, I didn't...

No it's all right. It's OK.

Sorry, I didn't know.

It's OK, it's an obvious question, as far as I can see.

Probably an obvious question, yes.

Yes. Yes. Are you driven by money?

[pause] A little bit.

Do you have enough?

[pause] Well, you know, it's, it's... When you do the whole immigrant thing, it's a little different. You know, you kind of never feel like it's, you're quite safe. So, the answer is, I'm sure, yes, but, it doesn't feel that way.

[34:03]

Right. And when you talk to your students at INSEAD, when you looked at that foil, with the private jet and the private yacht, have you been able to do that?

No, I wouldn't... You could give me a billion dollars, I wouldn't do it. It doesn't make any difference. I mean, so, yeah, it's sort of countered what I said earlier, but, no, I'd never do that.

What would you spend a billion on?

Well...

Skiing.

Yah, I probably would...

Vintage rock and rock posters.

Yeah, that, but you can't really do that for a billion dollars, you know.

No.

So then you have 999 million left. So now what will you do? Don't know. Have to do a lot of, you know, it's a lot of work. Probably, you know, you would really need to just, go on a bender for a week and, you know, go gambling. I mean you have to do something like that. Because, you know, you've got burn through a lot of it I guess.

Right.

Who knows?

[34:53]

You were five years and nine months...

Not a question I've really had to face, so...

What?

Not a question I've really had to face.

Oh OK. You were five years and nine months at Arma.

Yes, if you say so, yes.

You then had a couple of months out, at the very least. Nearly two years.

Yes.

Why?

Well, so, we moved up to Suffolk, so, moved out to the countryside. Was there for five years in total. And, I was getting divorced also at the very beginning part of that, so, life changed things. And, and so... And honestly, this business is not for the young, weak or feint-hearted. And so, after a few years of doing it and, you know, kind of building up Broadview, and doing all of that, and then Arma, and then, that was just draining, and I thought, wow, jeez, need a bit of a change. So, yeah, so I, I was the biggest equity holder in Arma, but I also had, you know, had started the firm and helped build it, and was managing it, and, then, it grew to a size... I joined Broadview, it was ten people, you know, and then there'd be 500 or 600 people. So, Arma kind of got through ten or fifteen people, was 25, and then 30 people, and I had seen this film before. It started to get a lot less interesting for me. Whereas other people were very interested in proving they could build a business.

Right.

So, it was really not a train I felt great about being at. Plus, you're getting divorced, plus you're moving out of town et cetera. Time to take a break.

You preferred actually the M&A activity itself, rather than managing people doing it?

Yeah, it's not as simple as the doctor or hospital administrator thing, it's not that simple. The... I don't want to go into it too much, but, you have these three phases. So, you set up a business, [inaud] business, you set up a business, and it's got three, five, ten, fifteen, 20 people et cetera. Manageable, small et cetera. And everybody works as a team. OK? Not that much overhead, everybody [inaud]. Or, you have 100-plus people, and then what you have is, you can direct teams to go and do things. You have a mobile app advisory team, and six guys, and they'd go off and do that, right? And then you can point people in directions. And you have resources. It's the

in-between bit which is kind of the teenage years, which is the very awkward, gangly years, when everybody gets in each other's way. It's dysfunctional, you make less money, the business is less successful. But you have to go through that, and build the degree of dysfunctionality in order to get the business humming on the other side. Having gone through all of that, I knew what the trip looks like. So, when you get to 30, 40 people, it's just dysfunctional. And it stays dysfunctional, until you break out the other side. So... Now, the cure for it is, get from one to the other really fast, but you need the market to be going like this. And the market has been going like this since, really 2000 arguably. So... And it's still not. So it's hard work for multiple years. So if you're going to build a business, and divide your business, which can be done, you really need to be ready for, probably four or five years of everybody in each other's way and it being a mess.

Or you could stay small.

Or you could stay small. So, it's not about being a doctor or a hospital administrator. I don't mind being a hospital administrator, in fact I really enjoyed it, but of a big enough hospital. You just don't want to be the administrator of a clinic, if you want to extend the metaphor. That's, now that's no-man's land.

[38:18]

Right. So you took this time out. And then, you're Managing Director now of Magister.

Yes.

m-a-g-i-s-t-e-r, Advisors.

Yes.

Again, back in advisory.

Yup.

You're based in London and the Bay Area.

Correct.

What was your first deal? This is in April 2010.

Oh. What was our first deal? LoveFilm. I think we sold LoveFilm to Amazon.

Right.

I think that was the first deal.

What sort of value was that?

[pause] It was \$350 million I think. Or, something like that. I'd have to, I'd have to dig.

You sure?

That's, you can check it out. It's, it is Amazon Prime now.

Right.

Amazon Prime Video.

Right.

Do you watch Amazon Prime Video?

No.

Oh, of course, I should have guessed that.

It means nothing

So the whole thing is completely wasted on you. But, anyway, try and take my word for it, when you go, download the Amazon Prime Video app, that has a streaming service behind it, and the streaming service was a company called LoveFilm. Actually rent the DVDs by clicking Love Film.

Right.

Yeah, it's still around. So...

And you call this a boutique investment bank.

Other people do. That's the nomenclature.

Bank. But you're advisers.

Yeah, they call it an investment bank because it's a, it sounds better.

Right. But boutique is important?

That's... It's...

You're going to keep this one small are you?

Yes. So, yes. Also... Americans of course call it bo-tique, which drives me up the wall, but, anyway, that's just a... But, you know, at the moment, yes, because, you're either, as I said, a doctor, or a hospital administrator, but not a clinic administrator. So, yeah, I don't to want to... At the moment we're the, that side. I don't have any real desire to spend five years at my advanced age now going from this to this in order to have real resource. Again, that's, also a trip I've done before.

[40:20]

Right.. Can you please explain to us in the archive, we're in 2016 now. What is the current culture and attitude and morale in the Bay Area of San Francisco?

It depends which year you look at, OK? You really cannot say that there's a certain ethos. There are certain things that are the same, more or less year in and year out.

What are they, Victor?

People work at a pace in the Bay Area that very few other places match elsewhere. It is not at all true that, you know, people get lattes and chinos and, you know, whatever, ride the Google bus and hang out. You know. The amount of hours worked in the productivity is, that people are expected to produce, engineers I mean, in most companies in the Bay Area, is nearly off the charts, and almost unmatched anywhere else. Ask anybody who has worked as an engineer at Apple, just how demanding it is. So that hasn't changed. It's interesting, because, there was a company in Cambridge, I won't mention who, that had development centres in Cambridge and in San Mateo, and, they had an equal number of people in both. And they did an exercise of productivity. And what they found is that, they paid people in Cambridge less money, but they put out less finished lines of code on a weekly basis. The guys in San Mateo put out more, but they got paid more. And so actually when they looked at it, it was worth the same in both places. By no means are people in Cambridge lazy, right. It's just that the intensity of competition in the Bay Area; you really don't have a feel for it unless you're right there. And that intensity of competition means that people produce things at a clip that you just don't see in very many other places. And even in hotbeds of technology, Tallinn, Estonia, for example, places where, you know, they're almost, more closely identified with technology than anything else, you still don't have that density, and you don't have that tension, and you don't have that pressure. And you don't have that performance culture.

[42:26]

What does it do to the young people involved in it?

People burn out, you know. Well, they burn out, they job hop, right. Because, you know, if I'm going to shred my life, I'm going to do it for stock options and it had better be worth it, so the first time that a company doesn't look like it's, you know, meeting its numbers, therefore my options aren't going to be worth a lot of money,

yah, I would bail. And so, people, you know, turnover is, is high. The way a lot of people in the Bay Area look at it is, look, I've got five, six, seven trips here to do, with five, six, seven companies; I'm going to do that, you know, over x period. Hopefully one of them will work out. One's a Dropbox, you know, the other is, is a job. So... And that's what a lot of people... So the culture in the Valley, from chief exec down to, system architect, is, I'll do six, seven tours; I hope one works. And that's how people look at it. And that's how they run their career. Which is a completely different mindset than you find here in Europe, still. There just isn't the density, and there isn't the intensity, and there isn't the degree of local competitiveness. You might think that's the case, you know, in the Silicon Roundabout for example, but it's not really. It's going to be small, tiny, and to be perfectly honest, in 2016, and I hope I'm wrong, most of them are irrelevant. They make apps. These things are trying to get reach and, most of these companies are never going to go anywhere.

[43:52]

If you could put together a company now that was going to go somewhere...

Ah.

Describe it to me.

What would it do, or what would look like?

Well what would it do and what would it look like? First of all, what would it do?

Oh what would I... [pause] Well you're going to love this. Boring. The best businesses are the most boring businesses. What I would do is, I would probably set up a business that does, does things like, makes procurement electronic, invoicing electronic, you know, the flow between large companies and their suppliers, mostly paper-based at the moment, mostly done via email, very inefficiently. And then be able to glean data off of that, and then do data analytics on flows between companies. And in between ERP systems, which are silo'd, I mean, people use ERP systems, but mostly they use Excel. You know, they literally. And then they stick it into the ERP

system, and nobody ever really uses an ERP system like, during the day, you know, and they pay, sometimes hundreds of millions for these things. So, what I would do is, is be able to manage the flows between companies. I think it's still, some huge percentage of all of the invoices in Germany are done on paper. You get a paper invoice.

Right.

In this day and age. So... And it's done really badly. It's a huge market. So, I would look for very boring, huge markets like this, that frankly are, are overdue. Where, you know, a lazy man who is a kind of one-eyed man can actually make some money out of it, and build a company. The nice thing about it is also that, you then, you don't need superstars in the company. You need always some high quality enterprise sales guys, but you don't need rock stars. You know, you don't need somebody, you don't need, this is not a BBC play where you need some kind of personality that, you know, is here today, gone tomorrow. Those sorts of things, a business along those kind of lines. Hospital supply chains, things like that, that just are overdue for restructure, frankly are very boring, and therefore won't attract some very bright people, because it's not sexy enough. Well, you know, Oracle, relational databases were deeply unsexy. I'll take that.

[46:13]

And what would the company look like?

What do you mean?

Well, that's what it's going to do. How would you manage it?

It would probably have my name on it. [laughs] My favourite colour.

Basta Inc. And what's your favourite colour?

[laughs] I don't know. I don't have a favourite colour.

Stripes, by the look of your socks.

Who knows? Yes, maybe they would be real purple.

Yes.

I don't know. I, I... [pause]

Why don't you do that?

Ah. It's a very good question. [pause] Do you know, that the, the funny thing is that, I have become somewhat, I've somewhat fallen in love with, with the role that I play, which is, kind of, I end up being a coach, psychologist, back seat driver, to chief execs, you know, and I, I would get paid to do deals, but actually that's not my job. My job is not actually doing deals. It's helping people through deals. And, it's a privilege to be involved in somebody's transformational life experience, and then somebody else's, and then someone else. I'm involved in 100, 150 of those in my career, and, you know, it's a privilege that very few people get. And it's something I'm very loath to give up, particularly since there aren't a lot of people who do what I do, and have done it for a long enough time here in Europe, and it can really add something to a whole number of companies that are operating in the, in the market here. So, a) I've become addicted to it, b) I'm reasonably good at it, and c) it makes a difference, I can see where it makes a difference. I'm not sure I'd give all of that up in order to go into a bunker for five or ten years, and build a business which could be worth something, but, you know, you give up what you really like, funnily enough. But having said that, I just did invest in a company doing exactly that. Because I think it's a really good idea, and, they know what they're doing. And if I had more money available, I'd put more money into them. So, I'm doing it by proxy.

[48:13]

And if you find a young entrepreneur who comes to you and says, 'Victor, 30 years in the business. I have this idea. What are the most important things for me to focus on, as I try and get this product or service out the door?'

Do you know, could you, could you ask difficult questions next time?

OK.

I would prefer something more difficult, a more open-ended question. [pause] Well, this is a little bit like being in the, you know, psychologist's chair as I tell you the first thing you think of I suppose. But... What is the single biggest systemic mistake I have to deal with, I suppose, and come out the other end [inaud]. It is, you really should set up a process from the very beginning, which is a feedback loop, which, you can test your own thinking and your own bullshit. Pardon my French. It's a technical term, it's in the OED I believe, so it's OK to say it. Because, a lot of people, you know, get... It's almost like they get a physical manifestation of the Facebook feed around them. I get three or four people who are friends with me, and they all say, 'Yeah, it's a great idea, let's go and do that. Yeah! Let's raise money, let's...' And they believe their own BS, you know. And it's amazing how that, when you look at a business... I, I will look at a business and it's 200, 300 people, and the same thing still manifests. There's no feedback loop for people to say, 'That's wrong, that's BS, I wouldn't do that.' So, if you think about the very best companies in fact, the people at the top of those companies play that role. I mean Bill Gates was famous for carving people up in meetings, you know, this is complete BS, this a bad idea, right, and doing that. Steve Jobs, Jeff Bezos, same thing. You know, he sends those famous emails with question mark. That's it. It's kind of like, what is it? So, but not all people who run companies, especially smaller companies, are that critical and prepared to have that, play that role. So you need to have a loop set up from the very beginning where people around you, whatever mechanism it is, give you that kind of BS reading.

Hewlett-Packard used to be very good at that. Used to be.

Companies... As I said, there are companies today that are good at it, and, HP, I didn't know, but I'm not surprised. So... But not all... And you can build a company. If a market is going like this, and you kind of get in at the right time, you can raise 20 million, and build to 50 or 100 people, before you know it, without actually having that and being any good. But, that doesn't mean you become,

relevant. It just means you raise money. So, that's one. The second thing is, do not equate raising money with success. That's an experience thing. [pause] I mean there are so many people say, you know, they announce, 'We raised 25 million.' OK. [laughs] Well, I know it's hard raising money, but, that's not your job. It is your job. The chief execs see it as their job, so therefore it's success. So, it's like I sold a product, but as you know, it means nothing. And that's also part of experience.

[51:36]

Being relevant is important for you, isn't it?

Well, why else would you shell up?

Fine.

I mean, if you've been doing it for 25 years, either you matter to people or you don't matter to people. If you are doing something six or six and a half days a week for 25 years, and you don't matter, I don't know, something in that equation needs to be debugged I think, you know. So... Doesn't it matter to you?

Oh yes.

Yeah, well...

Yes.

There you go. Does it matter to you? Yeah, well, there you go, three out of three.

[52:11]

What's your biggest achievements?

Oh. [pause] [laughs] Nothing to do with work. I did a... I, I got divorced once, and I've really learnt from my mistakes, actually really, really... Most people say, I've learnt from my mistakes and they haven't. Well I really, really learnt, you know. I mean, I really have learnt to do things differently. That's not actually the reason

that... But I mean, so the first thing that came to mind, I'm most proud of that, because most people, you know, at my age, don't necessarily learn from their mistakes. They say they do, but they don't really.

Did you rebalance your life and your work?

Not really, but I, you learn to put things aside, and then put them back... You know, that's a very long conversation and we don't have any time, but, you know, it is, you can still work six days a week; it's just that, it can't be ever-present with you all the time, even if it is what you do for the vast majority of your week, if you know what I mean. When you're off it, you're off it. So, I now do things that enable me to, literally, switch off it, and then switch back on. And, you know, it's just a small thing that I've learnt to do with a bunch of other small things. Nothing major, but, it, it's definitely been a learning experience. So... Because, this job, when you are in a fast growing industry, generally, as you know, you have to work at a certain clip, and so it's always a challenge. When you're doing deals, there's a certain kind of intensity. It's like, kind of, it's like doing brain surgery over and over and over again. That's... You do something wrong, and, you know, bad stuff happens. So, it's not like, I wrote bad code and I'll fix it next week. So, you really are under pressure in a different way. So, that can intrude, that can intrude enormously.

[54:07]

What's your biggest failure in your career?

Ah. Sorry. [pause] I guess... Ah. [laughs] Yes. We were offered a billion dollars, which I turned down. And then we were offered another billion dollars, which I also voted no to. So... There aren't very many people who turn down a billion dollars twice.

Who offered you?

Well, we... [laughs] Yeah, that's, hindsight's a wonderful teacher. We... Well we built Broadview to a size where it was the biggest in its market, and the only independent left, and, I think it's been long enough, I don't think anybody cares. And

Goldman Sachs came calling and they wanted to transform Goldman into a digital institution, a technology institution, and so they wanted to buy a business like ours, and they were going to buy us for a lot of money. And then Merrill Lynch, they woke up one day and, AOL Time Warner had announced, and they had no technology practice, and realised that, if they want to be in the league tables they have to have a technology practice. So, I think they offered us 750 upfront and another 250 retention. And we said no. Twice.

Big mistake?

Yah. You asked what was the biggest.

Yes.

Work? [pause] I think we sold Broadview for 150, two years, three years later., or something like that, 100, 150. Yah, a fraction. And we were just decimated by the, the bubble.

Yes.

We should have sold it to one of those guys. Somebody probably paid more than a billion between the two of them. And, when you have the two biggest players in your industry, both interested to buy you... Anyway. Don't ever do your own M&A, [laughs] is my sage advice.

Don't do your own brain surgery.

Well I was the second or third biggest shareholder I think in Broadview.

Right.

Yah. Yep.

[56:31]

Who were your mentors? Who taught you?

Well it's interesting. I mean, there's a few people who, none of whom you would particularly know, particularly were doing it from a UK context. I would say... Funnily enough though, clients are, in a way clients are mentors. Let me explain. For the most part, you build your career in this business working for people much older than you. When you're in your twenties and thirties you're working directly for chief execs who are in their forties, fifties, sixties, yeah? You quickly have to develop a certain amount, level of maturity, or else you just don't play, yeah? Equally, well, even though you develop this level of maturity, they realise that you are a fraction of their age. So, on the one hand you impress them enough that you get a seat at the table; on the other hand, they realise that they've got experience that you don't have. So it naturally develops to a mentorship relationship that you never expected, right? And it's, you know, it's in six-month chunks. But I've learnt more, and been guided more, by clients, chief executives, than, almost by anybody else. Which is very strange, because I'm supposed to be working for them, you know. They're not supposed to be guiding me. But, that's how it's developed, that's my first quick answer to you.

That's good.

But I have had a few other people who I've worked for. Paul Deninger, Broadview, was a great mentor, Paul Stern who was at General Motors, took me to Deutsche Bank; Steve Bachmann. But none of these people... I'm mentioning them because, at some point in the future maybe somebody will, it'll be searchable, and it'll be great for them to be searchable I'm sure. But, clients really did it.

[58:16]

I get the impression that you don't think much really of the quality of the current UK software and services industry.

[pause] Why do you say that?

Because you said, you look at Silicon Roundabout, it's just...

Oh. Yeah. That's not really software industry.

OK.

So, I, I would disagree. It's not. That's a little bit the problem. You can build an app for \$50,000. You know, they're not that hard any more, you know. So...

So what is your opinion of the current state?

[pause] Well, let me answer it this way. So this year, we look Europe-wide, there have been six deals above \$5 billion of European companies. In the last five years there has been one each year. Before that, it was one every few years. So it's gone from nothing, nothing, nothing, nothing, one, one, one, one, six. Now, may be six every year, but, the value that's been created in Europe by European entrepreneurs, and more importantly European engineers, is now, ten, a hundred times more than it was even a few years ago. And that's not a fluke. The quality is, is off the charts. No, the quality's great. It's just that, the problem is, there's an overlay of a bunch of companies that are foreign that are, don't amount to much, by people who don't know very much, backed by people who don't know very much. But that'll burn off.

So there'll be some, that'll create a destruction.

But, that has nothing to do with, you know, people who are doing fundamental research at Imperial, and, you know, then get spun out. It has nothing to do with people who do AI at a number of the universities in this country, and it's on a par with anything on Earth. In fact, arguably DeepMind is probably *the* reference AI company on Earth. No, that, that kind of quality, it's not unique to the UK or even in Europe, but it's world class, and it's as good as you'll find anywhere. The intensity productivity is a different point, because that's cultural. That's nothing to do with quality. And, yeah, so that, when you say the UK/European software industry, it's in great shape. When you overlay B2C apps, never. In 50 years, nobody will care. All that stuff will go. It'll be made by robots anyway. Nobody will ever make an app any

more. Robots will make an app. You know? Machines will make an app. Who cares?

Will you make, will you help to invest, to make the machine, to make the app?

It would be a privilege. It's going to happen anyway, so, if the horse is, you know, cantering past, if you can jump on it, great. But no, not unless... And so, anybody who's doing something that is able to be replaced straightforwardly by a machine, will be replaced straightforwardly by a machine, unfortunately. And that includes software developers. Don't ever think for a moment that a guy building an app is immune, just because it's slick. Machines will learn slick. Trust me.

[1:01:36]

You mentioned privilege, and I do trust you, and it's been a privilege to talk to you.

Thank you.

Thank you very much Victor.

Oh, of course.

[pause in recording]

[1:01:42]

We're back with Victor Basta, the maestro of M&A. [VB laughs] Victor, where and when were you born?

I was born in Cairo, Egypt, in 1963.

And what was Cairo, Egypt, 1963 like?

Well, it was... [laughs] The world changed, you know, when, when Nasser took over Egypt, and nationalised everything. It was a, you know, it was a complete regime change. It was a kingdom before, King Farouk. And, then, of course, Nasser died,

and, and then you had, you know, I would say, a parade of more or less autocratic leaders, leading up today, pretty much. So, back then, you know, the country was transitioning to a completely new way of living after King Farouk was overthrown, and, for me as a kid growing up, it didn't really affect me very much, you know. We left when I was nine years old. But, I suppose the thing that did affect me is, we were Christian, the country is, 90 per cent Muslim, but unfortunately it's all Sunni Muslim, it's basically one block, as you probably know. So that you don't get the factionalism that you get in other countries, so it's kind of, us and them. And us is a little u, and them is a big T. So, it really was us and them. They kicked all the Jews out before, so there was literally no Jewish community, with just us. So, it was a bit, that, you always felt like you were, not quite a stranger in a strange land, or a stranger in your own country rather, but, you were definitely the minority of choice.

What did your parents do?

Both doctors. They're both alive at the moment. My father was a cardiologist, and my mother was an ophthalmologist, and, both practised in Cairo.

And apart from being a company doctor, you didn't go into medicine.

No, I didn't.

Why?

I... Well I was, I was, I was going to university to study medicine, I did that for three months. And, it held absolutely no fascination for me whatsoever. And, it, I had no interest learning what molecules and, diseases and cells and, just, no interest whatsoever. Didn't seem like the real world, funnily enough. And I suppose, if that's what your parents do, you're inclined not to.

[1:04:03]

So you left at nine.

Yah.

Did you have brothers and sisters?

I have a brother and a sister, both younger, so I'm the eldest. We moved to London, lived in a cold water flat above Queensway, in Queensway, second floor, and, while my father went to the United States. The idea was that we were going to go to the US, but, we went, we came here for a period of time, and then, I think, it was about a year or so, and then we left to go to the US. So, we moved to Iowa. How did we end up in Iowa? A bit of a fluke, but, he was looking for anybody who would give him resident, you know, a residency so he would be able to work somewhere. You had to be sponsored effectively. And, there was a gentleman in Iowa who ran the department in the University of Iowa who said, yes. So he took anything he was offered. So... But we went from living the high life, two doctors living in the middle of Cairo, anything you wanted, to, grovelling for work in the middle of the United States. So, it had to be pretty desperate to go do that, you know. And religious persecution had to be a real thing, otherwise why would you bother leaving? So, both were true.

[1:05:16]

Do you still hold this religion?

Yes.

Do you practise it?

No.

But you hold it.

Yeah.

Apart from being a rock of faith within you, what does it do for you in particular?

Oh, well, it gives you, [laughs] it... Well, it of course gives you an identity, but, you therefore react a certain way whenever you see the things that are happening in the Middle East at the moment, because, I mean religious persecution, really, there is no good place in the Middle East to be Christian, literally no good place, at all. In fact the best place is Israel, because they just leave you alone, because you're sort of, an oddity. But everywhere else is no good place. So... And actually, Christians were the original ancient Egyptians, they just didn't intermarry with Muslim invaders. So, it's really our country. [laughs] So, it's insult to injury. So it does identify.

[1:06:10]

So about ten in Iowa. You went into the American school system?

Yup.

What did you think of that?

Oh. It was... I think I felt like I was on Mars. I mean, the most interesting thing, well, when you're nine or ten years old certain things strike you, like snow, never saw snow before, never even imagined what it would look like. So, walking to school in snow, I think I walked in like, regular shoes. In Iowa, it's real snow. You know, you learnt quick. But, these kind of things that just, you know, they, they have a big influence on you. And the school system was an awful lot less hierarchical, funnily enough, than in Egypt. In Egypt, you line up in the morning, all the students, and they'd line you up by your academic performance. [laughs] Right? So, you know, you knew where you were in the class based on where you were in the line. I mean, the American school system was not quite like that. It was far, far less hierarchical.

Where did you use to be in the line when you were in Egypt?

I was, I did well. Yah.

Do you find, did you find schooling easy?

Yah.

What subjects did you particularly take to?

It's a very difficult question, you're asking me what it was when I was nine years old. So, funnily enough... Oh. [pause] I do remember that it was spatial things, geometry, things like that. Not, maths per se. But I don't remember much else. Anyway, we were in Iowa, I think for a couple of years. I'm sure I'm going to get the chronology wrong. And then we moved to Oklahoma. And, which was literally like going to Mars. So... And then I went to high school in Oklahoma, and then I, and I apologise to anybody who's an Oklahoman who might be seeing this, but, I wanted to get as far away from Oklahoma as I could, so I drew a line from Oklahoma to the furthest points to go to university. I went to New York.

[1:08:00]

And you went to Columbia University in the City of New York.

Yes.

And you did Political Economy from 1980 to '83.

Well I did nothing for the first year and a half, but yes, I did, ended up doing that, yes.

Why Political Economy?

[pause] Well, it was interesting. [pause] I'm going to give you an unsatisfactory set of answers, which is, it sort of just happened, and that doesn't mean, like, blasé. I think, you know, I kind of got interested in it, I thought it was an interesting thing to do. I seemed to do pretty well at it. And, and did it. There was no kind of, big rhyme or reason. Basically, between kind of the age of sixteen and 20, 21, I just drifted a bit. And, you know, it seemed to be interesting to go do this, or do that. I'm sorry.

No, no...

No structure to that.

What's wrong with that? Do you advise people to do that in that period?

That's a very good question. Of course not.

[1:08:53]

Do you have children?

Three.

And are they sixteen to 20?

In fact they're, seventeen to 23.

And are you allowing them to drift?

It's not my call. [laughs]

Whose call is it?

It was their call. It's... Yes, in a couple of cases they're doing constructive drift.

Doing what?

I'm secretly happy about that.

OK.

One of them's gone to study in Japan. And my eldest son just, he was running the children's school in the Calais Jungle, until it closed. So he just came back. So, that was a big job. What he does next is, you know, it's going to be quite important for him, he could probably be doing refugee work if he wants to for quite a long time. But, that was a big job for a 22-, 23-year-old to do. Very proud of him. And my younger son is releasing his first single in November. Yeah. I know, he already has

people come to his shows who can sing the words to songs. And he's seventeen. Oh, God. In 50 years, I'm hopeful that, you know, they'll remember him, not me.

[1:10:02]

You stayed in Columbia University to do your Master's degree.

Yup.

'83 to '84. You seem to be buckling down now. Is it, you're focusing, are you, more? Because, Economics and International Development is the subject.

Yah, I thought I would do, I thought I would work at the World Bank, that was my dream. Until I actually spent some time looking at what that would entail, and decided, no. The biggest recruiter at the School of International Affairs is CIA. I didn't, you don't know that when you start going there. And, so it's, not quite what you expect. You think you're going to work in economic development in Zambia, and instead you get recruited by, you know, the NSA or the CIA or whatever. Not exclusively but, it's a different school than you think it is. But, that was great, I loved it. But also, they let you do one year and do a Master's degree, and it was basically my last year of university, so I had doubled up, so, it was like a free degree. So why wouldn't you do it? It was literally a free degree.

[1:11:05]

And, then you got even more focused because you did an MBA, also at Columbia, in Accounting and Finance.

Yes. That's right. I did them all at a sprint. So... And, you might ask why, and, I think, and I hate to say I don't know 100 per cent, I think the reason was, when I was at the School of International Affairs, I thought, this is, I'm not going to work in the CIA, or some other department like that. What am I going to do? You know. And the World Bank was the most bureaucratic place I had ever talked... I mean, I had no idea it was that bureaucratic. The IMF was, I couldn't believe it, you know. So, just not for me. I thought I would die in places like that. And that was kind of my dream at the time. So, you have to reorient your dream, what are you going to do? And

literally, the business school was right next door, and you could do a double degree. So, I basically did, when I was an undergrad, I got a free degree, and I could piggy-back on that to do a business degree very quickly. So I got that when I was 23. I had three degrees. Like, like that. It was, cheap to do.

[1:12:07]

You're a driven man. What drives you?

[pause] Well I hate giving unsatisfactory answers to questions. Ask me questions I'm not really prepared for. Well, so... [pause] Everybody has, you know, their own history when they were growing up, so I'll tell you a little story. So, my father turned everything we had into gold coins, and other gold, in a briefcase, and that was going to be our nest egg when we moved to the United States. And he left it in a taxi cab in New York City. So talk about starting over. That's it, gone. What are you going to do now? So... Needless to say that, the Taxi and Limousine Commission couldn't find it. So, yah, so you've got to start from literally nothing. So, yah, so we moved from a high-rise in Egypt and, you know, having a servant living in all the time, and the whole bit, to, you know, Iowa city, you know, you've to walk to work, and, we were living on top of somebody else in a place in the middle of nowhere. You get the idea. So, it's the equivalent of a lot of other people's stories. I suppose that has to drive you, by definition. I certainly didn't grow up in the back of a BMW, put it that way. God knows what would have happened to me if we had actually stayed in Egypt, and I had grown up in the back of a BMW, and... Who knows. Plus, the other thing is that, you... I always enjoyed working with people who are older than me. So, it was very easy for me to connect with people who were older. And so, as a result there was no problem to be around people who were kind of, 40, 50 years old, and not that I would be with them at dinner or whatever, but, work-wise, it was no problem at all. I thought I, I wouldn't say I saw them as peers, but there was no hesitation on my part. I'm not sure where I got that from. But, some people are good at that, some people aren't.

[1:14:09]

So you're an immigrant into the United States.

Correct.

And immigrants, it is said, often have this view that they, things, bad things are going to happen to them. And they never quite settled.

Oh. Well the former is definitely not true, with me. The latter is definitely true. So I think I lived in twelve houses, up to the age of sixteen, I think. I, I counted it once. So the settle bit, definitely. Bad things are going to happen? No, funnily enough, not at all. It's the opposite. I totally underestimated [laughs] things that were going to happen. I guess maybe I'm a born optimist, it's really true. I... Not at all. I don't know where I got it from.

[1:14:54]

Have you achieved what you wanted to achieve?

I had no idea. I had no... Anything I wanted to achieve... I, I... [laughs] I'm the most un-goal-oriented person you will ever meet. I... What do you want to do when you grow up? I still can't answer that question, honest to God.

Do you feel grown-up?

No. No, I took a test on Facebook, you know, a friend of mine sent me a test [laughs], you know, and he, he, he was like, kind of, 46, 47. He said, 'Oh take this test. It's great.' Because, he said, you know, 'I took it, and it said I was 47.' I mean, this is a great test. It told me I was nineteen. [laughs] I know.

Do you sometimes feel like an imposter? That someone will turn round and say, 'Actually, Victor, you're nineteen.'

I really think I should pay you 100 quid for this. Because I think you under charge. But, the question was, do you think you're an imposter?

Do you sometimes think you're an imposter?

No. No, I... Look, I don't, I don't have to prove myself to anybody, you know. I did all I needed to do at school fast. I, you know, had done well in, over the last 23 years. I don't have to prove anything to anybody. So no. No, I don't... There isn't this sort of, oh my God, the, you know, the emperor's new clothes. No. No. But, did you achieve what you wanted to achieve? I don't know. I really, genuinely, if you had asked me, 'OK, you're getting out of school, you're looking forward. What do you want to achieve?' I would have no clue. If you sat here today, as you are, and saying, 'What do you still want to achieve?' I really couldn't tell you. But I'm going to go and do something different, soon, I don't know what it is, but a variation on what I'm doing. I've no idea what it is. [pause] I am the least goal-oriented person you've ever met.

And you're dealing with people, and you are advising them to have goal, aren't you?

Yes.

Yes.

And, and hit their goals. Yeah, I have never even had one.

Thank you very much.

[End of Interview]