

San Jose Mercury News

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The Mercury News Interview: Tom Siebel, chairman of First Virtual Group and the Siebel Foundation.

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There's a lot of distance between a tony office on Palo Alto's University Avenue and a working cattle ranch in Wolf Creek, Mont. But since he sold his namesake software company to Oracle four years ago, Tom Siebel has been hanging his hat in both Silicon Valley and Big Sky Country.

These days, the billionaire and former CEO of Siebel Systems invests his wealth quietly through a Palo Alto holding company called First Virtual Group. He's making a bigger splash with his philanthropy, including an in-your-face ad campaign that Siebel initially bankrolled in Montana — and which has since been adopted in other rural states — aimed at warning people away from methamphetamine use.

Siebel, 56, said he commissioned the Meth Project (www.methproject.org), with its graphic depictions of strung-out teens, after learning how much damage the drug was causing in the state where he worked on ranches as a young man. Siebel also described his new energy project and explained why he's no longer bullish on tech. The following transcript has been edited for clarity and length.

Q) How did a former high-tech CEO from Silicon Valley get involved with fighting meth in rural states like Montana?

A) We spend a lot of time in Montana. In the early part of this decade, you saw this disaster unfolding on just a massive scale. With half the people that are in prison, the cause of their incarceration is methamphetamine. Half the people in foster care are there because of methamphetamine. And most of law enforcement are spending the bulk of their time busting methamphetamine labs.

There's a friend of mine in Montana named John Stevens. He's a neighbor (and a deputy sheriff) in Cascade, and he would come over and he would tell me about the meth labs they were busting. I'll never forget one day at lunch, he told me about how easily this stuff was made. For some reason that really got my attention.

I just wondered if the state had made the connection between this problem and the work the American Cancer Society and other groups had done over the years (to discourage) cigarette smoking. I wondered if there was an opportunity there.

Q) Did you have any experience with family or friends who used meth?

A) Until we launched the Meth Project, I don't believe I'd ever met anybody who had first-hand experience. After we got involved in the project, I did meet people who were in various stages of recovery or even various stages of addiction. And it just rips your heart out, I tell you that.

Q) How do you know the Meth Project is working?

A) The hard data. The reduction in methamphetamine use and meth crimes in places where we're running this campaign are staggering, and dramatically different from the same data in places where we're not operating. So now the campaign is expanding to other states. The plan was always to do this in a way that it could be replicable, should it be effective.

Q) I understand you are launching a new initiative in the area of clean energy.

A) In both cases, of methamphetamine and energy, we are involved in activities that are properly the province of the government, and the government was simply failing to do its job. As of December 2008, if there was anything meaningful going on in terms of alternative energy or conservation, any rational policy as it relates to energy, it was not apparent to me.

So we convened a number of researchers, and a group called the Siebel Scholars — smart people from leading business and engineering schools around the United States. They conceived of this idea of a global technology challenge, focusing on the home. The home is something we can all relate to. And 40 percent of the energy we consume in the United States is associated with buildings. So we're launching a \$20 million technology contest to create the energy-free home. (See www.energyfreehome.org.)

We're defining it as a typical American house, 2,000 square feet, three bedrooms, two baths. It can be connected to the utility grid, but at the end of 365 days, the meter reads zero — so effectively you have to give back whatever you take. And the cost of construction can be no greater than a conventional house.

Q) The Web site of First Virtual Group says you're involved in real estate, agribusiness, and global investments. Do you have much invested in the tech industry?

A) No. It's a segment that from 1980 to 2000 grew at a 17 percent compounded annual growth rate, from virtually nothing to a business that became about \$1.3 trillion. And I was able to participate in that process. It was the experience of a lifetime.

That being said, I think information technology as an industry is likely to grow going forward at about the rate of the economy. I just do not see the kind of innovation that we saw in the last two decades of the last century. In many respects, many of the interesting problems that we set out to solve have been solved.

Q) You introduced Sarah Palin at a Republican fund raiser last fall. What's your criteria for deciding to get involved in a political campaign, and given your family tie with Gavin Newsom (who is married to a distant relative of Siebel's), are you likely to endorse in the California governor's race?

A) I tend to support people who believe in individual liberty, people who believe in human rights, people who believe in free-market economics. They can be Democrats, they can be Republicans, they can be Libertarian.

Q) How about the governor's race?

A) I'm going to pass on that question.

Q) Do you ever miss running a public company?

A) I think that many of the regulatory changes that took place, from about 2000 on, kind of made running a public company pretty dreadful. I think the likelihood of me being involved in a public company again in a significant capacity is exceptionally low. Somewhere below even running for governor.

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Thomas siebel

Age: 56.

Birthplace: Chicago.

Position: Chairman of First Virtual Group and the Siebel Foundation.

Previous jobs: Founder and CEO of Siebel Systems, CEO of Gain Technology, held executive positions at Oracle.

Education: bachelor's degree in history, master's degree in business, master's degree in computer science, all from the University of Illinois at Urbana-Champaign.

Family: Married with four children.

Residence: Divides his time between homes in Woodside and Wolf Creek, Mont.

Five things to know about Tom Siebel

1. He raises cattle on his Montana ranch, and is a competitive team roper.
2. A veteran of the business software industry, he left Oracle in 1990, started Siebel Systems in 1993, took the company public and later sold it to Oracle for \$5.9 billion in 2005.
3. He's authored or co-authored three books on e-commerce and the software industry.
4. With estimated wealth of \$1.5 billion, he ranks 468th on Forbes' most recent list of the world's billionaires.
5. He's donated \$242 million to education, social services, alternative energy and other causes, according to BusinessWeek, which listed him among the 50 most generous philanthropists in the country.