

Grow Utah Ventures

launch

march/april 2007

The Magazine for Utah Entrepreneurs

CALLING ON ANGELS

THE INS AND OUTS OF GETTING YOUR COMPANY FUNDED BY ANGEL INVESTORS



Seed Capital

e2e Interview and Podcast
Gov. Huntsman & Ragula Bhaskar

Entrepreneur Spotlight
Rick Alden - Skullcandy

The following is a condensed transcript of a peer-to-peer conversation between two of Utah's entrepreneurs. Click the "play" button to the right for an audio stream of the entire interview including expanded discussions and other topics not discussed in this condensed transcript. Or, click [here](#) to download the audio file as a podcast to your computer.



Jon M. Huntsman Jr.
Utah Governor

Ragula Bhaskar

**Co-founder, President and
CEO of FatPipe Networks**



Gov. Huntsman: I am delighted to be here with Bhaskar, whom I have had great respect and admiration for since I first met him. He is a great entrepreneur. I serve as governor of this great state, I have been in business and public service, and lived overseas three times. I've ran an embassy, I have been involved in what was a small family business at one time and helped to build it into a large family business that my brother is now CEO of.

I bring a perspective that is very much private sector-based to my job here. It guides everything I do from a policy standpoint. If we are going to be able to pay the bills for education and transportation we need to have a viable economy. That means you have to understand the needs of the private sector and understand what our growth opportunities and industries will be over the next 20 to 40 years.

I am always amazed at how competitive the region we are living in is. It is the most competitive and dynamic geographic and economic region in the United States, which is the most competitive nation on the face of the earth. So, we are competing not just against the likes of Denver, Phoenix, Las Vegas and Boise, but we are competing against Delhi, Beijing and London. We have to make sure that the right public policy decisions are made to get us ahead in the game and that has been the challenge and the joy of serving as governor the last two and a half years.

Bhaskar: FatPipe makes mission-critical networking products. We are based in Salt Lake City and the company's primary focus is to ensure that corporations and institutions stay connected all the time to their data networks. We do that by bonding multiple data lines from multiple data carriers into one single fat pipe.

If I may ask you Governor, the Kauffman Foundation recently voted Utah as the most dynamic economy in the country. How much of a role did government play in being recognized by the Kauffman Foundation?

Gov. Huntsman: I don't think a whole lot. I have to be honest, as a politician, I think maybe you can identify a common direction for the state and you can point the way and you can rally public policy decision making to support that overall direction. But the free market is either there to respond or it isn't. Gladly in our case the free market has responded well.

Dynamism is exactly the most complimentary term that you could throw at us at this point.

I would much prefer to be No. 1 in dynamism than almost any other category because I think that it suggests that our future is a very bright one ahead. Entrepreneurs are awake, active and staying here in our state as opposed to fleeing some place else. That excites me to no end. We are going to continue to work very hard on our public policy initiatives to support that sense of dynamism.

I would like to ask Bhaskar a question, as he is sitting here as one of the great entrepreneurs of our state. How did you make the transition from the academic life to being an entrepreneur and what stimulated you to go from the classroom to the marketplace of ideas and risk taking which isn't always associated with being an academic?

Bhaskar: I think that the hardest part of making the transition from academia to business was leaving the comfortable life. When I got my tenure, I realized that I had another 35 years of my life and I was reminded of Mark Twain saying that 25 years from now you will remember all of the things you didn't get to do and won't regret the things that you did. I thought, "Why don't I step out and see what else I can do beyond academia."

Academia is a very predictable path. You become tenured and you become a professor and I think somewhere there was a certain craziness in me willing to step out and do something different without a safety net.

Governor, in your 20s, you actually rolled up your sleeves and helped your dad start and grow the Huntsman Corporation. What are the things you would like to tell a young entrepreneur about your experiences?

You have always got to sharpen your edge and sharpen your approach to the marketplace and continue to reinvent who you are so you never become stale.

Entrepreneurs are never satisfied they always want to remake what they have done, they want to build and improve upon it they are never satisfied in the sense that they have ever arrived at their destination. They are creators.

Gov. Huntsman: In business, entrepreneurship and the free market there are no guarantees. Our company built up then practically hit the wall a couple of times — as recently as five years ago.

You have always got to sharpen your edge and sharpen your approach to the marketplace and continue to reinvent who you are so you never become stale.

Entrepreneurs are never satisfied they always want to remake what they have done, they want to build and improve upon it they are never satisfied in the sense that they have ever arrived at their destination. They are creators.

I have also found that it is important to believe in the old adage, "You never take no for an answer." I remember so much in the early days whether it was bankers or customers or anybody else. They would routinely tell us, "No, no we can't finance that, no we are not going to buy your product, no we are not going to do business."

As an entrepreneur, raising money is a tough thing. It is probably one of the hardest parts of the job and you have to totally believe in yourself because pretty much 99 percent of the people will say, “no” to you. That is when salesmanship begins and you start telling people why they should invest in you.

An important lesson I learned from my dad was that he would just say, “You know, ‘no’ always means ‘yes’ in my lexicon.”

It is kind of a never-say-die attitude and the minute you throw in the towel, the minute you start hearing “no” as being literally “no” is when you begin to fail as an entrepreneur. Maintaining that entrepreneurial gung-ho-never-say-die attitude in the marketplace is absolutely critical to success.

Also, it was ingrained in us during the earliest days of our family business that the customer is king. You never lose that philosophy in the market place.

I’ve got a question for you Bhaskar. Speaking of family businesses, your partner is your wife, Sanch. Is that a good thing for your marriage or not? I suspect there are a lot of emerging entrepreneurs out there who want to do it as a team or as a couple and they are probably wondering, “Is this a good thing or a bad thing in the long term for my marriage?”

Bhaskar: The most important thing I’ve found is that you need someone that you totally trust as your business partner. You know you can count on that person all the time to do a job because it has to get done. For me, I run the administration and finance side and Sanch runs engineering and support. She really holds it all together.

We have learned how to disagree about an issue at work and still go home without being upset with each other personally — that has helped us a lot and made a big difference.

Gov. Huntsman: How did you get your early stage financing and long-term funding for FatPipe?

Bhaskar: The hardest part of getting out of academia and going into business was that venture capitalists all just say, “OK, you are from academia so what do you know about business?”

So the first thing we did was put in our own money. When the product was ready to sell, we went to our friends and got them to put in some money. Then we got the VCs involved after we actually started selling the product and started showing that it could sell.

They came in at the stage where the product test was done and then they could take the risk of producing more products and growing the company.

As an entrepreneur, raising money is a tough thing. It is probably one of the hardest parts of the job and you have to totally believe in yourself because pretty much 99 percent of the people will say, “no” to you. That is when salesmanship begins and you start telling people why they should invest in you. I was very fortunate that I had Wasatch Venture Fund, Tim Draper and Tim’s dad working on the deal. They were willing to take a chance on me.

Governor, you have taken strong measures to raise the marketing budget for tourism and seen a good return. How do you feel about that and what are the other ideas that will have similar outcomes?

Gov. Huntsman: I think Utah is an undiscovered destination in the world with some of the most beautiful, extraordinary, breath-taking vistas and venues anywhere on the face of the earth. There is a fascination about the West. I have always thought that we can market Utah as the quintessential western destination.

We had about 17 million tourists when I was elected and now we are knocking on the door of 20 million. If you see it as an engine of growth as I do, then you have to give it the attention that any engine of growth deserves.

We have a new marketing and ad campaign that really does bring into focus what Utah is — “life elevated” if you will. I think it is working and the numbers would suggest that it is working. We are hitting the mark in terms of the number of travelers and tourists that are coming here. Longer term, I think that it will have profound implications for many industries — the hotel industry, the resort industry, the restaurant industry and many others. Our work on travel and tourism isn’t just being done for the sake of travel and tourism, it is being done because I think there are a lot of industries that are going to be helped that are very important to our longer-term economic viability.

I think we are right on the edge of an explosion in destination travel that will really put Utah on the map. You are beginning to open up The New York Times or the Times of London and you are finding articles about Utah and the great things to do in Utah. That is going to have a multiplier effect as people in the crowded city centers are able to see the great life that we have here. I think this will prove to have been a very wise investment. 💰

Click the “play” button below for an audio stream of the entire interview including expanded discussions and other topics. Or, click [here](#) to download the audio file as a podcast to your computer.

Click [here](#) for the HTML version of this article on [launchutah.com](#).