

# **NDTV - Changing India**

**Bill Gates & N. R. Narayana Murthy**

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**December 7, 2005 (4:00 to 5:15 PM)**

**Dr. Prannoy Roy:**

Hello and welcome. To what for me and for many of us here at this TIE function is a very, very special moment in television. We have with us, together, two icons of our time — Mr. Bill Gates and Mr. Narayana Murthy. Both, of course, iconic entrepreneurs but, in fact, both much more than that. As you look into their lives, there are so many similarities: both started life — and a very few actually know this — both started life as hard-core software guys. Mr. Bill Gates wrote the first basic compiler before the PC, and Mr. Murthy, in the early '70s, wrote a first basic compiler to interpreters. Both of them — hard software guys, that's the kind of people they are, with those kind of backgrounds. Both today have given up being CEOs and taken a step back to help with the bigger kind of picture and the bigger vision. Both have superb right-hand men, actually — Steve Ballmer and Nandan Nilekani, amazing similarities. Both Mr. Gates and Mr. Murthy have huge businesses but even larger social goals or bigger hearts. Both have wives — Melinda and Sudha — who, in fact, are even more committed to changing society and to philanthropy and charity. As icons, they have to resist pressures of all kinds, we know that, sometimes to enter politics. We have seen so many banners saying “Bill for President” or “Mr. Murthy for Prime Minister or President of India or (the new one) Secretary General of the United Nations...” maybe that's next, all these kinds of pressures on these icons. But, most of all, they have resisted them. Both remarkable men that come once in a lifetime, once in a generation. We are very, very fortunate to have both of them together today. I could go on and on about their similarities, and that will emerge as we discuss. Both used to travel economy class. Some say because they were actually stingy, others say it is actually based on principles. But if they were stingy they certainly don't show it in their charities. But ironically, they are both voracious readers; ironically, I say, because software and media tends to take away people from books, but books are among their passion. There are so many similarities in their lives, the list is just endless and I could go on and on. One major similarity, which we shall get to during the course, and I know a lot of you are interested in — both really believed in spreading wealth among their employees through ESOPs. But now both have stopped that, we will find out why. But before we get into all those nitty-gritty similarities and differences, I would just like to start with you, Mr. Gates. For the youngsters here watching around India, around the world, going back 20-25-30 years, what were the defining moments in your life?

**Bill Gates:**

I think I need to go back even further than that. Certainly, the opportunity to use a computer at a young age and start to think, what were the limits, what could it do, what was it better at, how would it complement human creativity... that was a key milestone for me. I was only 13 at the time, and then I combined that with the time when I was 16 that I first understood the magic of Moore's Law that chips would double in power every two years.

**Dr. Prannoy Roy:**

But who gave you that computer when you were 13?

**Bill Gates:**

In fact I was lucky enough to go to school that didn't have a computer, because they were too expensive, there we got a terminal that connected over a phone line to a GE time-sharing computer, and the great thing for me was that the teachers first came and

thought they knew how to use it, and they made a mistake and spent thousands of dollars accidentally, so they abandoned the computer...

**Dr. Prannoy Roy:** They just left it?

**Bill Gates:** Well, they said... they turned to some of the students, including myself, and said, you teach the computer classes.

**Dr. Prannoy Roy:** The teachers actually asked you to start teaching the classes?

**Bill Gates:** That's right, and so I got very immersed in computing; people would kid me that I was sort of a computer nut, but I didn't mind it too much.

**Dr. Prannoy Roy:** So they sort of detected a passion in you?

**Bill Gates:** Yeah, the whole idea, where did it stop, what could it do, was just so fascinating, and particularly when it was combined with the idea that essentially computer power would be 'unlimitless', and when you get that exponential improvement it means you can start to think what would the software need to be like, and I was amazed that other people, even the people at Intel who were making that chip, weren't thinking about the dramatic implications of cheap microprocessors.

**Dr. Prannoy Roy:** Okay, those were the initial defining moments, and then over the last 20 years, moments that changed the course of not only your life all of our lives...

**Bill Gates:** Well, the decision to leave school and start the company — that's a nice milestone, since it worked.

**Dr. Prannoy Roy:** Leave school? So you mean that's a message you are giving to everybody, they should drop out?

**Bill Gates:** Not at all. In my case, I thought the time was very important to get in and be the very first, and so this kid computer had come out and I decided to go in together with Paul Allen provide the software for the very first personal computer, which again was incredibly limited, and so that willingness to take the risk and get the company in the ground floor before anybody else was doing it, I think that was a big help to us.

**Dr. Prannoy Roy:** What did your parents think when you said, "I am leaving school to stop the switch," only you could understand, I guess, at that time, not even Intel could.

**Bill Gates:** Well, they thought that I was going on leave, and that the company wouldn't succeed and Harvard was nice enough to say that I could come back; even today, Harvard is willing to take me back.

**Dr. Prannoy Roy:** And some plans to complete it, was it two years left, were there?

**Bill Gates:** Yeah, actually it was two and a half years before I left to start the company.

**Dr. Prannoy Roy:** Okay. Mr. Murthy, defining moments in your life?

**Narayana Murthy:** Well, you know, there have been at least three. First was when I was incarcerated in Niš, Bulgaria, a communist country..., you know, without food or water for 96 hours and then finally I was told that you are from a friendly country called India and that's why we are letting you go. My crime was [that] I was talking to a girl in French. Anyway...

**Dr. Prannoy Roy:** Otherwise you could have been in jail even today?

**Narayana Murthy:** I don't know, it depends on the Bulgarians, but I then said, look if this system treats friends like this, I don't want to be part of that system. So I said I will go back to India, and I was hitchhiking from Paris to Mysore, my hometown, said I will go back to India, I will conduct an experiment in entrepreneurship to create wealth legally, that was the first ....

**Dr. Prannoy Roy:** So that's the turning point. So you were one of the backpackers that came overland to India?

**Narayana Murthy:** Oh! Absolutely, you know, in 74-75.

**Dr. Prannoy Roy:** Got incarcerated, as you say, on the way, and...

**Narayana Murthy:** Absolutely. The second was in 1990. We had started the company in 1981, we had made very little progress, because there was so much affection to business in India, so there was this offer by somebody to acquire us for a million dollars. And all my colleagues, six of them, got excited. And so, one Saturday we sat down and we started discussing, and I kept quiet right through the meeting. And people started discussing why we should sell off and how we have not succeeded, etc., etc.

**Dr. Prannoy Roy:** And a million dollars is a lot for four or five young kids at that time?

**Narayana Murthy:** Yes, in 1990 it seemed a lot, but then you know at the end I said, I pulled a fast one and I said, "Look, I am going to buy you guys out." They were all shocked. This guy doesn't have any money, why does he have so much of confidence in this? Well, I think God has been kind to us and, as you know, as against a million dollars today, you know, we have come a long way from there...

**Dr. Prannoy Roy:** And you eventually bought that person out?

**Narayana Murthy:** No, actually. We didn't do that, but we continued our journey...

**Dr. Prannoy Roy:** That's a turning point.

**Narayana Murthy:** Yeah. that was the second turning/defining moment, and the third was, frankly, getting

listed on NASDAQ. I borrow the words of Neil Armstrong and I would say, "It is a small step for NASDAQ but a giant leap for Infosys and the Indian software industry." I would say these are really three defining moments as far as I am concerned in this journey of 25 years.

**Dr. Prannoy Roy:** Right, we will take a short break, literally a very short break, and just to say in those defining moments I think both of you have not only changed your lives and your company's lives, you changed the lives of a generation. You **[To Bill Gates]** for the world, and Infosys for India I think you have made a young Indian feel they can take on the world and it has changed the mood of this country. Remarkable. Thank God, you took the right steps at those turning points. We take a short break, back in just a moment.

Welcome back to this special moment in television where we have Mr. Bill Gates and Mr. Narayana Murthy together. For the first time on television together?

**Bill Gates:** I think so.

**Narayana Murthy:** I think so.

**Dr. Prannoy Roy:** Let's hope for many, many more, because there are lots of people watching and learning from this.

**[To Gates]** To get back to ESOPs and motivation. But before we get to ESOPs, you have achieved so much, you have changed the world, you have changed your life, how do you keep yourself motivated to work on and on and on?

**Bill Gates:** I think there are several things. First of all is I love my work, I get to work with smart people, it is a field that is constantly changing, every couple of years people say, you know, some new company is gonna put you out of business, and we get to show people, "No, not this time," so there is that, also the original goal of the company, the vision, was not about sales or profit, it was about this computer and what it could do, and we don't have that computer yet, we can't talk to the machine, it can't talk to us, it is not....

**Dr. Prannoy Roy:** You are still looking for that computer?

**Bill Gates:** Absolutely. The dream of a computer for everyone, every home and every desk, we actually are not even halfway towards achieving that if we think about the world at large. You know, here in India, we are just scratching the surface. So we have got lot of work to do, and so there is no finish line that we are anywhere near.

**Dr. Prannoy Roy:** That's remarkable. One of the problems with spreading wealth among your employees, **[To Murthy]** I was told, the inside story of Infosys, is that some of them got so rich that their wives started saying, "Look, on this weekend go to the Bahamas, enjoy life, why you are

working 17 hours a day?" How did you keep motivation going while making, you know, hundreds of billionaires in Infosys?

**Narayana Murthy:** Well, you know, I agree with you that there always be a section of people who are satisfied with a little bit of money, but I think most passionate people in the world are moved by larger goals, and as Bill pointed out how he and his people are still in pursuit of that computer and all of that. At Infosys, our vision has been to become a globally respected corporation. Now we are well respected in India, but that still we are in the very early part of our marathon. We have to yet become one of the most respected companies in the United States, in Japan, in Germany, in Australia, in UK, etc. So, I think that's still a long marathon. The second thing is, you know, yes, may be 10,000 or 12,000 Infosys have made some money, but there are other people, there are 30,000 other Infosys who are yet to make that kind of money, and it is our responsibility to give off our best, whether they will make it or not that's a different issue, at least we have to show our commitment to make sure that they and the future Infosys still could make the money.

**Dr. Prannoy Roy:** So both of you started the ESOPs but now both of you have given it up. Why did you [to Gates] start, why have you given it up?

**Bill Gates:** In fact, during the early years when the value of Microsoft was going up, you know, as a straight line, the option of course worked very well for us. We shared more wealth than any company has in the history of capitalism. If you get to a point where the industry is so hot, it is almost hyped, it is phenomenal, then you start to get valuations that not only go up, they also fluctuate. And so there to pass the risk about those market conditions onto the employees and have the situation where you have options that in some cases would be worth nothing if the variance is very high. If you were a high-level person at Microsoft, you are still going to be making millions of dollars, if you do that job over the years. We actually give shares now, so you get your salary and you get shares of stock and so we cut the variance down and so the predictability is much greater and still plenty of personal wealth, particularly given the ....

**Dr. Prannoy Roy:** You are still sharing the wealth but in a different way?

**Bill Gates:** Yeah, we use shares instead of share options, so if the stock should stay flat those shares still have value, if it goes up, they have more value, but it is not a case that half of the time you have gotten something that is going to end up without value.

**Dr. Prannoy Roy:** It wasn't to do with the new accounting principles that they brought in?

**Bill Gates:** No, in fact, I was one of the biggest advocates for those principles. Within our industry some people disagreed, but...

**Dr. Prannoy Roy:** And why is Infosys, for the similar reasons or different? [to Murthy]

**Narayana Murthy:** You know this was much more to do with our philosophy, because at that time in India it was really not necessary to have any options to attract good talent, but I have always believed that leadership does not succeed in a vacuum, you need lot of good people to lead, you need people who are smarter than you, you need people who have the same level of passion or a higher level of passion, you know, energy, aspiration, and if you want to bring those people on board your vision, your company, then you need some equitable paradigm, and that is the reason why Infosys adopted the options model when there was no need at all. Now, on the issue of why we suspended...

**Dr. Prannoy Roy:** I mean you have set a huge example, everybody started following it, then you stopped.

**Narayana Murthy:** Well we suspended because we had to expense it out according to the US regulations, and then we realized that that's not the best model for us any more, and then as Bill pointed out we made an analysis and found that by creating a pay-per-performance model, a variable performance model, we could indeed be able to provide decent compensation for our people, and that's what we have done.

**Dr. Prannoy Roy:** Okay, so still lots of millionaires and billionaires expected amongst Microsoft and Infosys employees?

**Bill Gates:** Millionaires.

**Dr. Prannoy Roy:** Millionaires, at least.

**Narayana Murthy:** I am glad ....

**Dr. Prannoy Roy:** Okay, billionaires in rupees at least. So, one of the things Mr. Gates mentioned was that every two years somebody comes to him and says this is the end of Microsoft, and he says, not yet. We take a short break, when we come back we will see what keeps both Mr. Murthy and Mr. Gates up at night, that's in a moment from now.

Welcome back to this TiE function with Mr. Bill Gates and Mr. Narayana Murthy. Just before the break Mr. Gates had said that people keep coming to him and saying this is the end, somebody is coming up, its going to prove to Microsoft that it is all over. But there are life cycles in companies. I know you studied the history of Wang and then Compaq, not only in this industry in every industry, does that, do you keep looking at your basic core assumptions of your business model and say, "Does this need to change?" in a life-cycle kind of situation?

**Bill Gates:** Microsoft really only has one basic assumption in our business model, and that is that great software is going to have value. We don't care whether it is in a phone, in a PC, in a videogame, built into the car, wherever that is we love to write great software. We know how to hire those people, we know how to do that very efficiently, and fortunately, that view has been just more and more correct as time has gone on. You know, take the phone — it was just a voice device, software had no role. In the future, your phone will be able to recognize your speech, give you a map, help you do charge things, it will

be able to do magical things through the power of software. Organizing your music, your photos, your schedules, your commerce...

**Dr. Prannoy Roy:** Interrupting your life actually.

**Bill Gates:** Well, actually software is the magic there, we will make it, so you decide in your various activities calls from who can actually come in and take your time. So, we would put you back in control in a way that you may not be today. So, the central role of software in changing work, in changing entertainment, in changing education, that's the bet that if we were ever wrong about that we are in trouble.

**Dr. Prannoy Roy:** Right, that seems pretty safe bet, but I have read that you said I don't sleep very well anyway, but what worries keep you awake at night, if any?

**Bill Gates:** I think the key for a large company is to know that it is maintaining its excellence, it's renewing its strengths, it's willing to take risks, in so many areas, whether it is tablet-computing, entertainment computing. You know, these deep goals of the natural interface, we have got to be up in front, we have got to be the first ...

**Dr. Prannoy Roy:** ... Worries you sometimes when you put your head down in the pillow and think, are we maintaining our excellence?

**Bill Gates:** I won't say that I think about that when I am sleeping so much, that's my job everyday.

**Dr. Prannoy Roy:** So what keeps you awake... worries?

**Bill Gates:** If we would miss some big technical change, you know, say somebody invented our official intelligence and we didn't understand how to do that, we weren't tapping into the talent pool and making our jobs most fun, attractive jobs...

**Dr. Prannoy Roy:** Which three things in the last 10 years that have kept you awake?

**Bill Gates:** Um...I think it's more of these basic things. The press loves the new challenger who is coming along, whether it was IBM OS/2 or Perfect or Novell, and now it's Google more than anyone else, and you know that is a great thing. You know we love the fact that there is actually an area that people underestimating us.

**Dr. Prannoy Roy:** We will come back to Google in just a second, but what keeps you awake?  
[to Murthy]

**Narayana Murthy:** You know the biggest challenge that a software services company like Infosys has is scalability. Scalability in quality and productivity, scalability in satisfying customers as you become... having larger and larger number of customers, scalability in attracting and retaining the best-quality employees, scalability in training people because in our business, 'learnability' is really the main component. So scalability is really the...

**Dr. Prannoy Roy:** So, sometimes you think am I not scaling fast enough and you can't sleep?

**Narayana Murthy:** Well, you know last year we grew by 52% and...

**Dr. Prannoy Roy:** And you still can't sleep? 'I didn't need to achieve 75%!'

**Narayana Murthy:** Well, you know, the aspirations of my colleagues are pretty high, so I suppose it is all relative.

**Dr. Prannoy Roy:** So they come to you and say it is 52%, not good enough, and then you can't sleep?

**Narayana Murthy:** Yes, in some sense so, yes. Absolutely.

**Dr. Prannoy Roy:** So, three or four things that have sort of troubled you at night in the last five years...

**Narayana Murthy:** Umm...

**Dr. Prannoy Roy:** Apart from the infrastructure of Bangalore.

**Narayana Murthy:** You know, the biggest thing that I worry about is whether we are continuing to be open-minded to learn from other people? Second, whether we have created, or we continue to create a meritocracy, you know, an environment of fairness and justice? Third, whether we are embracing speed — are we doing things faster today compared to yesterday, last year, etc? Fourth, innovation — are we bringing better ideas to the table today compared to yesterday, last year, last month?

**Dr. Prannoy Roy:** These keep you awake at night?

**Narayana Murthy:** And finally, excellence in execution — are we executing these ideas better today compared to yesterday?

**Dr. Prannoy Roy:** So, like something will happen, and you feel it didn't fit into one of those four... and that worries you?

**Narayana Murthy:** Oh, yes.

**Dr. Prannoy Roy:** Do you sleep well?

**Narayana Murthy:** Oh! I sleep very well. Absolutely.

**Dr. Prannoy Roy:** At 52% growth, who wouldn't?

**[To Gates]** Just coming back to Google for a moment, you mentioned it, business models, you said Microsoft has one core business model only, but people say that Google and many others have a different business model now, of course this is a every two year

phenomenon that they come and tell you this, but it is a different business model where software will be free and Microsoft still sticks to its old belief that software you must pay for. Is that a core difference that you will never change and you think you will defeat this free software model or you may change?

**Bill Gates:** Well, in fact, the Google model is not so much about something being free, because Google is being paid by the advertisers, and today, in fact, if you use their search engine, they keep all the money that the advertisers give them and they don't give any to you, and so I say that's expensive. I think, when you use a search engine, if somebody is making a lot of money from advertisers, they ought to share it with you, and so...

**Dr. Prannoy Roy:** Nice. So, we should get 50:50 with Google, right?

**Bill Gates:** No, I think that Google... people may not realize that there will be, in a sense, competition as we make our search engine better than theirs. And we are willing to be more generous to customers, whether it is giving them free content, giving them free software, or just paying them whatever form the value takes. There is a lot of evolution of that business model, and so far their first innovation is they keep all of that money. Well, things keep changing, their model is not going to hold up. So the way that you monetize is always changing. But the fact that you have to do the best software, and if you do that there will be some way — very high volume, very low price — some way to get that value out of it. That's the core of our business.

**Dr. Prannoy Roy:** So Microsoft will never give free software and depend on advertisements?

**Bill Gates:** No, no... quite the opposite. We will give you software and we are willing to give you some of the money from the advertisers. Now there are some areas where you don't want to use advertising, so it is not like the whole business or ship. If a bank buys a database and once their bank using that database, it is not like all employees of the bank were going to have these little ads popping up all the time when they are trying to get their work done. In the consumer side of the market, advertising has always been very important. If you move up to the business side, we can continue to save people way, way more money than they spend on the software. We can automate things, we can do things across the Internet to help them out. So the basic play here is that you let people do more and pay less all the time, the value equation is always improving dramatically.

**Dr. Prannoy Roy:** Okay, we take a short break, when we come back, change gears a bit, in many ways they are not only successful entrepreneurs and icons, they are also split personalities. I will tell you how in a moment from now.

Welcome back. We talked about these two gentlemen as being split personalities. The way I was thinking of it was in business they are hard, number driven, very focused, but on another side of their lives they give away billions of dollars to charity. Both of them

generally pushed by their wives more than them, so I don't know whether it is as much to do with the better half or not, but you were saying that you will tell me why you are a split personality in the break.

**Bill Gates:** I think for exactly the reason you said it. I thought for a long time that I would have a phase of my life which was about making money and then a phase which was about giving it away, and so I surprised myself somewhat by seeing the original causes and deciding together with my wife that I just start to giving early on and it seemed little strange, you go to meeting in the morning and try and make money, and then next thing you know you turn right around and you are just giving it away, and so you know could you keep those two things separate.

**Dr. Prannoy Roy:** Up to about \$20-30 billion you have given away is just amazing.

**Bill Gates:** Once you decide... that the wealth of society you are lucky enough to have, that giving that to your kids isn't going to be good for them or for society, then you have to say where should it go, what is the most impactful thing that you could do, not just with the money but with the time, with the expertise that you get out of the business world, some of those same principles of driving in smart people, taking science, and so that is what I do.

**Dr. Prannoy Roy:** Your wife and your kids as well actually, they brought balance into your life, right?

**Bill Gates:** Oh! Absolutely. In my 20s I was not very balanced.

**Dr. Prannoy Roy:** We won't go into that in too much detail.

**Bill Gates:** Oh! It was just work.

**Dr. Prannoy Roy:** Right. You too, you are a hard task master, you want everything in numbers, don't just give me impressions, but then you are worried about society, you are worried about India, you are worried about infrastructure, you take on politicians (we won't go down that route to far either), so you are also very split in that way.

**Narayana Murthy:** Well you know unlike Bill, who lives in a highly developed society, I live in a country where there is lot of poverty, where there is a great divide, so it is much easier for me to have that split personality. Frankly, it doesn't take too much effort. Also I have always believed that the power of money is to part or give it away, really. So, in my own small way, in our own small way, my wife and I, we have been contributing, but that, you know, is certainly small...

**Dr. Prannoy Roy:** One of the fact you are talking about different kind of society, well not from America, but India has been a democracy for now five decades and more. And all these young kids here, they have got democracy in their DNA, and if the world has started recognizing knowledge these are questioning kids, you tell them to do one thing they do the

opposite, really annoying actually. But they are questioning, there is a new energy, you can't take democracy out of them, do you think democracy is important when you look at even business decisions. I remember you once saying that you were intimidated by the energy of China. India has got a new energy with democracy as its foundation. Does that impact on you?

**Bill Gates:** Oh! Certainly for organizing a country, democracy is, as some people have said, the least bad system we have ever come up with. It is not without its imperfections, and sometimes works better than other times, but it is the right way for a country to look at its resources, look at its priorities, and chart the path forward, and India is a great example of that. A lot of reform has taken place under different governments, real commitment to the future, these are the things that have laid the foundation for the great economic growth.

**Dr. Prannoy Roy:** But, in addition to that, in this century where people are valuing knowledge and intangibles rather than, say, the last century, a very simplistic view of hardware and machinery, the fact that we have had democracy for 55 years and it is in our blood and it questions and it has helped our way of thinking, we are told, okay, from 4 to 6 now be creative, we are just creative all the time, little too creative; is democracy finally paying off, is it being valued worldwide?

**Narayana Murthy:** Oh! I think as Bill said there is no doubt at all the democracy is the least bad system. That's accepted. But I do think that there has to be a much greater premium on time in this country. We cannot discuss issues *ad nauseam*. We cannot argue till the fire freezes. In fact, you know, I was talking to a friend of mine who used to be a professor at Harvard Business School a decade ago or so, and I asked him what is your biggest challenge? He said, in some sense — of course he put it much better than what I am going to say — he said I have two challenges in the class; one is to get my Japanese student to speak up, and second, is to get my Indian students to shut up. I mean he didn't say that in as rude a manner, but he...

**Dr. Prannoy Roy:** And you are talking to a Bengali who loves *adda*, endlessly...

**Narayana Murthy:** I think we have to somehow come to a quick conclusion of our debates. We have established our debating skills, we don't need to go into that again and again, and then get to execution.

**Dr. Prannoy Roy:  
(to Gates)** Get down fast. But in this whole process towards democracy, you are in the biggest democracy of any country in this world, but how it uses that democracy has been questioned in the last five years or 3-5 years, whether it is with a sad lack of sensitivity. The United States, the way it is approaching international affairs with a lack of sensitivity. Other American businessmen say that at least this current regime and this lack of sensitivity affects their relationship with people outside America. There is an anti-American wave around outside America which may be justified or not... Does it affect you, that does it worry you that America lacks a bit of sensitivity in its handling of its international affairs?

**Bill Gates:** Certainly, it is important for the US to make good decisions. The world depends on the US to do certain things right, whether it is funding science, whether it is using its armed forces the right way, whether it is setting a good example for free trade, you know really speaking up for the benefits of the free trade system that it has been the primary beneficiary of, and there are times where particularly the rhetoric makes me worried will the US carry out that function well. I wouldn't say that we have lost business or had some big impact because of the politics of the United States; our products tend to win or lose based on their merits.

**Dr. Prannoy Roy:** But does it worry that there has been a change in the mood of the rest of the world to America in the last five years compared to 10 years ago?

**Bill Gates:** I am not sure how true that is, I mean everybody resents the world's most successful country. I have some experience with this. And everybody loves the world's most successful country. So there has always been a love-hate relationship, you know, just take India alone, you know, there has gonna be mixed feelings, then you talk to people in United States, they have mixed feelings about what they think the US is doing well and not doing well.

**Dr. Prannoy Roy:** So do you have mixed feelings about what it is doing now?

**Bill Gates:** Sure, absolutely.

**Dr. Prannoy Roy:** You don't like to say what is... mixed feeling is a mild way of saying I don't like it.

**Bill Gates:** No, no, it is not. The US is doing a lot of things right, when it comes to things like the way we run our university system, the excellence there, the kind of research, that is a jewel in the crown and others should seek to imitate that because it would be great for the world. The one thing I worry about is people talking about our country saying they have mapped the model of warfare where there really is a winner and a loser onto the economic competition. And I often say to audiences: what if India overnight were as rich as the United States, you know, would that be good or bad? So, obviously, it'd be good. Good in every way, for the invention of the product because of the educational levels, for the market, for products, and so we are all winners in this. You know when people say to me what about India versus China. I think, well, what about India plus China? You know there are things that India can learn from China vice-versa, the three most dynamic economies in the world today are India with its best practices, China with its best practices, and United States with its best. If we could roll all three of those together, we will have a heck of a country.

**Dr. Prannoy Roy:** That's true. I just need to pin you down once more there. The use of force by the United States in the international affairs, does that worry you?

**Bill Gates:** I think there are cases where the fact that the United States has the defense forces where the world would look and say hey that was a good thing. You know go back to

World War II, how do you feel about the way that the US did. We used our military, you know we sent tanks, you know people died, was that a bad thing or a good thing? I think....

**Dr. Prannoy Roy:** I meant, recently.

**Bill Gates:** Well, that was pretty recent. You know one out of two, that's not bad. So, I think it is best to use that either when there a consensus or only when what is at stake is very dramatic, and a lot of people are saying now given the evidence it has been gathered, did it meet that very high threshold that you ought to have before you do things unilaterally, that's good to be.

**Dr. Prannoy Roy:** You mean the recent decision?

**Bill Gates:** Yes. That's a very good decision, even in the United States I think if you ask majority of the people, they would say look I really think we need either more solid evidence or a clear imperative, that does not mean that we should now that we are there back off from the commitment to a democracy there or commitment to order there, but this is a great discussion, you have this in every democracy that you are going to get smarter as you go along.

**Dr. Prannoy Roy:** Mr. Gates talked about this love-hate relationship between India and America, it is like Yankee-go-home-but-take-me-with-you, you know what that say. So how do you handle that, and how do you handle the outsourcing problem. I am just getting into your business and politics, that relationship.

**Narayana Murthy:** You know, first of all let me say that I am an unabashed admirer of the US. Frankly I don't know of any other society which is as open as the US.

**Dr. Prannoy Roy:** Except India.

**Narayana Murthy:** Well, I still think that US is more open. It is a very controversial one, you have asked me, and unlike Bill I don't mind saying open stuff, anyway. But let me say this, you know, the whole outsourcing issue, it is for us to work harder and convince corporations, people, decision-makers, law-makers that there is indeed value to the US in outsourcing. If there is an outcry, if there is dissatisfaction, if there are dissident voices, I look at it as our failure. So I keep telling all my colleagues that look we have to do a better job in convincing them the merits of this, that's it. We have always taken that approach, because I tell all my colleagues that, look, the day you say market is wrong you are finished. At the end of the day market is right.

**Dr. Prannoy Roy:** So you have to work hard at convincing people. Okay, we will take a short break. I have got so many questions, but I am being told to shut up. After this, audience questions. That's in a moment from now.

Hello and welcome back now for the most exciting part of this whole program. We have got a huge audience here and we can take a few questions for both Mr. Gates and Mr. Murthy if you could say who do you like to answer your question. Let's start with Mr. Tarun Anand. Go ahead, sir.

- Tarun Anand:** Good afternoon, Mr. Murthy, this question is for you. Well this is a challenge which is faced by both large and small companies, but when your company was much smaller than what it is today and not very well known, how did you attract, develop, and keep some of the best talent in the country or abroad?
- Narayana Murthy:** Well, I think it is all about creating a vision, creating a dream that people buy into. It is all about articulating that dream, it is all about making sure that everybody has opportunity to catch a part of that rainbow and put it in his/her pocket. I would say that if you create a vision, if you create a dream that everybody sees value in, people will automatically come and work.
- Dr. Prannoy Roy:** It is something about passion, that's what you look for in people as well, is it? Mr. Vivek Khare.
- Vivek Khare:** Yeah, it is a question to Mr. Gates. According to you, in the Internet world, which is going to be the next disruptive technology which is going to change the world?
- Bill Gates:** Well, as we move forward, we always build on the technologies that we had before. We started with a PC as low cost computing, we built graphic user interface on that, with Windows we built the Internet and the browser as something that took that even further, let it do new things. I think the next stage is we need to get a natural interface, we need to get the speech recognition, the visual recognition. We need to get a device that we can carry around literally, is like a tablet or even smaller device in our pocket that can do a variety of things, can let us charge things, see maps. We can just point the camera to something and have it translated automatically. So, I would say overall it is these natural interface technologies that people are underestimating even though we are literally on the verge of making those a standard feature of all of these devices.
- Dr. Prannoy Roy:** One of the things you keep talking about is low cost, which is you keep pushing towards. Will we ever see, say in India, a poor country, where you will have Microsoft, and every time you boot it, you say Microsoft, and you have a Coca-Cola ad, and you get it at 1/5<sup>th</sup> the price?
- Bill Gates:** I think advertising is something that people are gonna experiment with and there would be a lot of cases where they take it too far and people say hey I don't want ads in that case...
- Dr. Prannoy Roy:** Spread it among the poorer people who cannot afford Windows right now.
- Bill Gates:** That's true, but you have to think about the value of the advertisement, it is often proportional to the factors about that consumer as well in the market that they are in.

You know when I am using the word processor, I don't think I want to have a bunch of things jumping up and trying to talk to me when I do that. The place where advertising is fantastic is when I am interested, when I wanna find to get, when I wanna organize a trip, and that's probably why search-based advertising has been this incredible win-win and it is gonna be even better as we are sharing the economics with the user.

**Dr. Prannoy Roy:**

Okay, Mr. Ajay Kalia.

**Ajay Kalia:**

Good afternoon sir. This question is for Mr. Bill Gates. Could you sum up to say one major quality which a human being should possess to be a successful man?

**Bill Gates:**

That's harder. I would give you the three I am trying to pick between. I think you need passion... there is a lot to be said for that. I think you need intelligence, you know you can't play that down. But I also think you need a certain kind of a integrity to understand what your limits are, where you need to bring other people in, where are the things that are gonna take a long time to come together and have the right patience for that. So I'd say it is really you have gotta have those three in a pretty strong combination to be a great leader.

**Dr. Prannoy Roy:**

Mr. Sanjay Bhargava. Where are you sir? Yes, go ahead sir.

**Sanjay Bhargava:**

This is a question for Mr. Murthy. In the US, entrepreneurs are able to build large companies, relatively quickly, primarily because the ecosystem, I think, supports entrepreneurship. What do you think we need to do to enable kind of similar ecosystem in India?

**Narayana Murthy:**

Well, you know, I think we need a more competitive market, the corporations have to realize the importance of innovations to become even more successful in the market. You need a good venture capital system, you need an environment that enhances the quality of education that focuses on problem-solving in our education system, you need a good set of mentors who will take the entrepreneurs and connect them with the prospective key customer network, prospective key employee network, etc., some of these things.

**Dr. Prannoy Roy:**

And less politicians. Sorry.

**Bill Gates:**

Yeah, and to add to that, the thing that the US market is the most efficient at is having somebody start up a company and fail, you know, I would say 5,000 companies that were started around the Internet, you know, we always think about Amazon, EBay, Google, Yahoo!, which are fantastic companies, but we don't think of the other 5,000. And, so the system is wonderful. Most of them quickly become real-size and then some are given the resources to move forward. So, there is, you know, this is really market economics at its finest.

**Dr. Prannoy Roy:**

Mr. Sushil Gupta.

**Sushil Gupta:** This question is for Mr. Gates. My question is what is the fundamental difference, if any, between managing a startup and a large corporation like Microsoft?

**Dr. Prannoy Roy:** In fact, the position you are in, you have gone back to your... almost have taken a full wheel and now you are hands-on like you did when you were a startup. So is there a big difference? Good question.

**Bill Gates:** No, I think there is quite a difference in the managerial style and leadership style you need as the company grows large. It is actually very rare, Infosys, Microsoft, and may be three or four other companies had had continuity of leadership even if you have gotten to a very large size. It requires the skill-set of being somebody who loves looking at code, you know sitting down with customers, doing that, and that rarely comes with being somebody who can step back and pick the right people, create a system to monitor those things and really be in much more of a leadership role, and so I had had to learn a lot as the company has gotten bigger and it is sometimes frustrating when I sit with the product group not to be able to say, oh, I would just go write the code this weekend...

**Dr. Prannoy Roy:** You used to write code, now you have to manage managers, and you prefer the old role, did you? And now you are getting back to that in a way?

**Bill Gates:** If you wanna change the world and have a company that can create the software industry and bring in this natural interface computing, you need billions of dollars and tens of thousands of people. So, in terms of the impact, I wouldn't go back to it. But it was nice when I knew every line of the code and there wasn't a byte that wasted memory. I am very nostalgic about that.

**Dr. Prannoy Roy:** I can see that, it is in your voice. We completely run out of time. Thank you very much. You did say 'Change the world'. One last yes-no question, will you ever enter politics?

**Bill Gates:** No.

**Dr. Prannoy Roy:** Will you ever enter politics?

**Narayana Murthy:** No.

**Dr. Prannoy Roy:** But we want them to enter politics, right?

**Audience:** Yes.

**Dr. Prannoy Roy:** There you are. No chance. Okay, we change the world in other ways and we will have less politicians to do so. Right, thank you very much indeed, thank you for watching.



