

Monday, July 17th, 2000



INDIAN DREAM, U.S. SUCCESS

NAREN BAKSHI'S Internet companies have changed the face of the high-tech industry and created some 700 jobs in Oakland.

Networking key to East Bay entrepreneur's empire

NAREN BAKSHI was a businessman on a mission that winter day in 1995 when he went to the Los Gatos home of Kanwal Rekhi to enlist the help of the prominent Silicon Valley entrepreneur in launching his new software company.

For Indian-born entrepreneurs, Rekhi is the man to know. As head of the IndUS Entrepreneurs, or TiE, an influential networking group, Rekhi's Rolodex is a who's who of Silicon Valley.

Rekhi also funds entrepreneurs himself, making more money at that than he did by selling his company – the first venture-funded start-up headed by an Indian in the Silicon Valley – to Novell in 1989 for \$210 million.

Though he had tried several times, Bakshi hadn't been able to buttonhole Rekhi, a man he barely knew, until a friend tipped him that Rekhi was just home from the hospital recuperating from sinus surgery.

"It is customary in India to visit the sick," Bakshi said. "I knew he couldn't say no to me."

Rekhi says he won't soon forget the first four hours he spent with Bakshi. "Naren wore me down," Rekhi recalls laughing.

Rekhi and 11 other TiE charter members invested \$1 million in Bakshi's software company, **Versata Inc.** Rekhi also joined the company's board and became Bakshi's mentor.

Bakshi helped turn **Versata** into a major public company and has gone on to launch two more companies, creating 700 jobs and companies worth in excess of \$1.75 billion in Oakland.

Bakshi's impressive stamp on the East Bay economy is a testament to his drive and ambition as well as the powerful network of educated, middle-class émigrés whose

passage from India to Silicon Valley over the past several decades has changed the face of the high-tech industry.

Indians joined high-tech companies in droves. By the 1980's, they began, slowly, to move into management and start companies of their own despite the glass ceiling still prevalent in many corporations and a dearth of contacts in the business and financial worlds.

Like so many ethnic networks, TiE was born of necessity. In late 1992, Indian businessmen waiting at the airport for an Indian dignitary whose flight was delayed came up with the idea of a formal network to help Indians succeed in Silicon Valley.

TiE has since grown to 2,000 members who have created businesses with a market value of \$75 billion since 1992, according to the group's estimates.

TiE is widely credited with the rising prominence of Indians in the high-technology community because of its members' practice of spreading the wealth of business contacts, financial acumen and investment dollars as their fortunes took off with the meteoric rise of the Internet.

Bakshi is a charter member of TiE and in many ways an embodiment of its principles and goals. He is a natural-born networker whose web of relationships interlocks the companies he founded and the people who helped him do it.

Networking the key

Versata's CEO, Jack Hewitt, is a former colleague from TRW, Inc. Bakshi's second company, 2-year-old **Xpede**, which processes loan applications over the Internet, uses **Versata's** software.



Bakshi met **Xpede** chief executive officer **Jim Noack** through the **ALLIANCE OF CHIEF EXECUTIVES**, an elite networking group for Bay Area CEOs.



Noack is an adviser and investor in Bakshi's newest venture, **Build Your Dream Home**, which plans to automate the custom-home industry.



"My dad is the most amazing networker; he can talk to anybody about anything," said daughter Aarti Bakshi, 28, a former Ernst & Young accountant, who now works for **123Signup.com**, a Silicon Valley Internet start-up that her father advises. "If he goes to a party where he doesn't know anybody, he knows everybody by the time he leaves."



Bakshi has 2,500 names in his ever-expanding electronic Rolodex, which he routinely searches to help out an entrepreneur with a good idea or a friend in need.

Ajmal Noorani, whose venture capital firm invested in both **Versata** and **Xpede**, said Bakshi inspired him to relocate from the East Coast to Silicon Valley to boost his

business. "He's a father figure to many of us," Noorani said.

The personal side

The tales of his largess and loyalty are legendary. When Bakshi learned that venture capitalist Chip Adams' 12-year-old son had been diagnosed with an immune disorder, he used his contacts to find top immunologists.

"I can't tell you how many times he called to check in and ask how he could help," said Adams, whose venture capital firm Rosewood Capital is a major investor in **Xpede**. "We didn't talk business for three weeks but he was right there every day. That is just part of the great culture that Naren tries to build with people around him. He always says the personal side is more important than the business side and he really lives that."

That benevolence extends to the community. When Bakshi learned that the Portia Bell Hume Behavioral Health and Training Center was in need of help, he stepped in as chairman of the Concord nonprofit group. He told Noack about the Hume Center's efforts to buy and renovate a 22-bed board-and-care home in Pittsburg and Noack donated \$250,000.

There is nothing Bakshi wouldn't do for his children. When his daughter Asha was in her early 20's, Bakshi tapped his network to introduce her to eligible Indian bachelors.

"My dad was so systematic about it, he had his in-process file and his rejection file," said Asha, 34, who eventually met her husband, Manish Chandra, on her own.

So Bakshi turned around and lured Chandra, a talented engineer, away from Sybase to **Versata**. Chandra, Versata's vice president of product strategy, co-founded **Build Your Dream Home** with Bakshi.

Bakshi takes very seriously the business of staying connected. He even sends notes to business associates asking for forgiveness in the ancient Indian religion of Jainism, which is based on the principle of achieving spiritual enlightenment through nonviolence and noninjury to all living beings.

A natural salesman

"He's just this amazing people person," said Bakshi's son Amit, 19, who is studying engineering at UC Berkeley and working during the summer at an Internet start-up. "Whether he's selling the company to potential investors or employees, he can get you to see the vision he sees. It's not that he's a smooth talker, but when he sits down with you he can really, really sell you on an idea."

A man with an owl-shaped face, an unassuming, down-to-earth manner and friendly eyes that smile even when he doesn't, Bakshi exudes a preternatural calm a rare trait in the fast-paced, frenetic Internet economy.

"Naren can walk into any situation, even a disaster, and he has this wonderful ability to put it all into perspective," Noack said.

Much of that ability comes from wisdom gained through experience.

Unlike many Indian emigres, Bakshi's route to entrepreneurship was a circuitous one. He was a successful corporate executive for two decades before starting his first company.

A tireless worker

At 56, Bakshi might have come to entrepreneurship later in life, but he has ridden the New Economy wave with the vigor of someone half his age.

"There are a lot of people who give of themselves and teach others because it makes them feel good or because they think they are giving back; buy Naren does it because he absolutely revels in watching people be successful," said **Kevin Daum**, chief executive officer of **Build Your Dream Home**. "It's a fine line, but it's a subtlety that is not lost on those of us who are involved with him."

Bakshi spends two hours a day alone responding to the flurry of e-mails he receives, three to four a day from entrepreneurs seeking his help raising money, building executive teams or refining their business models.

"That's his great gift," Noack said. "He can cut through the noise and the chaff and find the business."

Bakshi the entrepreneur reminds his daughter, Asha Chandra of Bakshi the grandfather, who delights in teaching her 5-year-old son Rohan small lessons in life, such as how water boils or how the refrigerator works.

The lengths he goes to make sure his grandson has all the knowledge and experience he needs to succeed in life – whether by flagging down a FedEx driver to show Rohan his truck or spending an afternoon touring a fire station – are the same lengths Bakshi goes to help entrepreneurs, she says.

"Whatever he gets involved in, he does to the fullest extent," she said. "We are all the time telling him to slow down, but it's hard for him to sit at home and do nothing."

It's not just the rush of the New Economy, but the values of the old world that drive him, Bakshi says.

Bakshi was born in a pink house in a pink city. Jaipur, the 18th century capital of the desert state of Rajasthan, is popularly known as the "Pink City" for its old buildings and city walls awash in pink.

He grew up the son of a respected government official, but it was his grandfather, Keshar Lal Bakshi, a self-made real estate developer, who instilled in Bakshi business smarts and the importance of giving back to the community once he made his fortune.

Bakshi attended Birla Institute of Technology, or BIT. BIT is one of six such institutes created in the 1940s by then-Prime Minister Jawaharlal Nehru to turn out engineers for public works projects.

Diligence brings rewards

Encouraged by friends who came to the United States to study engineering, Bakshi left behind his wife of 2½ years, Kusum, whom he wed in a marriage arranged by their families, and his 2½-month-old daughter Asha to get his master's degree at UC Berkeley.

His wife joined him in 1968 when he decided to stay on to get an MBA. It would be another year before Asha would follow. "My in-laws thought if Asha goes, we would never come back," Kusum said.

They didn't. When Bakshi finished his studies, he joined Standard Oil, worked for a large bank and then landed at Cleveland-based giant TRW Inc.

In 1987, TRW expanded in California and asked Naren to relocate to Los Angeles, a move that delighted him and Kusum. Two years later, after the company bought a financial systems company in Berkeley, the Bakshis relocated again, back to the Bay Area.

"I had so many friends who were still here and so many had started their own companies," Naren said.

In 1991, he started a consulting company and three years later Vision Software, which changed its name to **Versata** right before the IPO.

Versata, which makes software for B2B e-commerce applications, recruited such golden investors as billionaire Microsoft co-founder Paul Allen and Netscape co-founder Marc Andressen. In March, it raised nearly \$100 million in an initial public offering. On the day of its IPO, **Versata** created 157 millionaires on paper.

With 550 employees, **Versata** is now one of downtown Oakland's largest high-tech employers. The company hired 300 people this year alone.

"He was a major thinker and creator of the opportunity we have here at **Versata**," Hewitt said. "He was key in raising the financing, in bringing in senior leadership and a visionary of the technology that the company produces. Today as a board member, he always has his eye open for ways to help the company even more."

But in the early going, **Versata** was far from a sure thing. After raising its first round of financing, Bakshi realized he had to switch from an allegiance to Microsoft to Sun Microsystems to deliver its products.

"This was very tough, we needed more money, and I had to ask the board member from Microsoft to resign from the board as we were moving into the Sun/Oracle camp," Bakshi recalled. "I was warned by board members and advisers that I had a 5 percent chance to get funding to do what we had to do. Buy we took this as a challenge and worked hard to find the right venture capitalists who will understand our value proposition."

He found venture capitalist Gary Morgenthaler of Morgenthaler Ventures, a shrewd judge of technical savvy and business

acumen who today owns 14 percent of **Versata**.

With the growing success of **Versata**, Bakshi passed the baton to Hewitt and began his search for his next venture. In 1997, he met Noack, then the founder of **Monument Mortgage** who was experimenting with online mortgages, at the **ALLIANCE OF CHIEF EXECUTIVES**.

"We hired him as a consultant to **Monument Mortgage** and we showed him everything we were doing and how we were doing it, and he was just blown away," Noack recalls. "At a Christmas party for the **ALLIANCE OF CHIEF EXECUTIVES**, he and his wife and me and my wife were seated together. He reached across the table and took my wife's hand and said "What your husband is doing is worth billions and billions of dollars." He made quite an impression on her."

That idea became **Xpede**, which recently raised \$43 million in a second round of financing.

"Naren has now been down this road several times and he knows where the potholes are," Noack said. "When we come too close to these potholes, he just appears and says, 'Jim, we haven't talked in a while.' By the end of the conversation, he has shown me the pothole and has walked me through how to go around the pothole instead of falling into it."

Paving Back

The success of **Xpede** has only further enhanced Bakshi's stature as he builds his latest venture and plays midwife to new entrepreneurs.

No matter how successful he becomes, Bakshi always finds time to repay his success. He already has made millions for Rekhi and others who invested in his companies. Now he hopes to spread that wealth farther afield.

Bakshi traveled with a business delegation to India with President Clinton in the spring to promote the nascent high-tech economy there. He is optimistic that his success and the success of other Indian-born professionals in the United States can strengthen business and social connections to their country of birth.

"One of the values we expound at TiE is the notion of payback," Rekhi said, "Naren has been very diligent in that. Entrepreneurs become social entrepreneurs in the last phases of their careers. He has followed that path."

It's a final mission that Bakshi takes very seriously.

"I came here from India to seek a job and ask this country to give me something," Bakshi said. "It feels good to repay that debt by creating jobs for others."

Jessica Guynn covers technology trends. Reach her at 925-952-2671 or jguynn@cctimes.com