



Stanford eCorner

Spinoff: Handspring

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October 23, 2002

Video URL: <http://ecorner.stanford.edu/videos/43/Spinoff-Handspring>

Hawkins shares the various reasons why he and his team finally spun off from 3Com to start Handspring. Although they were reluctant to leave and start a company from scratch, they felt that Palm did not belong in 3Com- a networking company. Palm was the only healthy division in 3Com and they could not continue growing and competing with a financial hand tied behind their backs.



Transcript

We were then a division of 3Com at Palm. And we were doing our thing. We were having a fair amount of success. We introduced a series of products, including the Palm 3 and the Palm 5. But actually, we left. Now again, I was reluctant this time. This is when we started Handspring. I was reluctant to do this. We didn't want to leave; starting a company is a lot of work. Just who wants to do that again? But it turns out that we felt at the time, and I still believe it was the right thing, that Palm really didn't belong as part of 3Com.

3Com was a networking company and it was sick. It was ailing. They were not very profitable. Their margins were falling. We were the only healthy division in the entire company and they were not reporting our earnings but they were using it to prop up the rest of the business. So we were growing and made it look like 3Com was growing but really, it was only Palm that was growing. And they wanted us to be more profitable. And we said, look we have a growing business. We're competing with Microsoft, we have to have the ability and invest in our business. And they said no.

And we said we need you to spit us out. And they said they said we'll never do it, not now, not in the future. And so we left because we didn't want to basically compete and try to do something with one hand tied behind our back. That's the financial hand tied behind our back. So I was really disappointed in this by the way because I really didn't want to start another company. I had something else I wanted to do, and I'll tell you about it in a minute, and this required me putting those other plans on hold to go back full time working at Handspring. But we did that in 1998. We started Handspring. I was a co-founder of that company. We're still at it.