

National Instruments: A Home-Grown Affair

Dr. James Truchard, CEO and Founder

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BACKGROUND:

Twenty-five years ago, Dr. James Truchard and two research colleagues at the University of Texas founded National Instruments, Inc. to produce software-based test and measurement tools to easily work on desktop computers. "The core innovative products that we provide are supported by a high quality and wide spectrum of services and support," he says -- one reason 80 percent of the company's revenue comes from existing customers. Fortune magazine's 100 Best Companies to Work for in America for two consecutive years.

On February 8, 2002, the monthly meeting of the Technical Business Network members in Austin welcomed Dr. James Truchard, CEO and co-founder of National Instruments, Inc. He spoke about the rise of technology in Austin and the role that National Instruments has had in Austin's technology welfare.

Relating the history of technology in Austin, Truchard explained that in the late 1960s, IBM, AMD, and Motorola were attracted to Austin because of the talent being trained at the University of Texas. Many NI's 2500 employees in 35 countries graduated from the University of Texas. Truchard believes there are no better grads than those from UT.

Yet, with corporate headquarters elsewhere, they came without their business infrastructure -- administrative functions like legal, accounting, marketing and advertising were not in Austin. At the same time, UT's business school was gaining strength, laying the foundation for Austin as a software capital.

In the Seventies, Truchard observed companies, such as National Instruments and Tracor, being started by UT technologists. In the Eighties, Dr. George Kozmetsky played a key role in developing the seminars, networking, and climate for startups. We learned about legal, venture capital, accounting, plus the confidence that it could be done. Sematech helped build the information center for high technology synergy.

Then, in the Nineties, Truchard said it was "full speed ahead" for technology, especially software companies.

NI develops virtual implementation tools leveraging PC into specific spaces of scientific and engineering. The company sells to 24,000 different companies. Note that IBM counts as one; each division or unit does not count as a different company. NI's success is partly because of its diversified base of customers and products. Most lab scientists use NI's products and they are the best salespersons for NI. Another secret to their success is the employees' drive to innovate. For example, worried that their catalog was getting too thick to print, NI began putting information on the web. Now the web drives a lot of their business.

The challenges that NI is facing right now are derive from the strong dollar and software piracy.

Commenting on the mismanagement of Enron, Truchard believes the answer to the scandal is to help changes to tax law. "It's the root of the problems." In support of high technology, the tax laws allow high technology firms to come and go without returning 10cents to shareholders. "With no real cash flow, there are no real profits."

Dr. Truchard is a firm believer in open and honest communication within the company. He also believes it is the CEO's responsibility is as an example. "Every time I spend, the employees see it," he says.

-- Report submitted by Emily Sopensky, The Iris Company.

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