

PROFILE

JEFF HUSSEY:

Negative Know-How Yields Many Positive Returns *By Ed Kromer*



After a few passes in a full-motion flight simulator, the advanced aviation student usually manages to land the virtual plane—an unnatural act—with-out incident, and is rewarded with a fleeting sensation of competence.

“Then they start breaking stuff, setting things on fire. And you have to land the plane with everything going wrong,” explains Jeff Hussey (MBA 1991), who pilots a twin-engine Beechcraft King Air 350. “I love that.”

Of course he does. Hussey has long thrived in environments that appear to others as chaos. In college he preferred to study with the door open, radio blasting, people talking. When he worked as a financial trader, he’d have a phone in each ear and another on speaker. “Sometimes I think I have a terminal case of sensory under-load,” he admits. “When I get in the plane, I’m fully engaged. It’s all going on. Being a CEO is like that, too.”

He knows from experience. Nearly five years atop F5 Networks, a rocket ship of Hussey’s own design, were marked by an exhilarating kind of turbulence. Today the breakthrough

application delivery networking company he co-founded in 1996 counts 1,000 employees worldwide, annual revenue in excess of \$300 million and a market cap of nearly \$3 billion.

The rise of Hussey and F5 may have been no great surprise. He demonstrated some entrepreneurial tendencies early on. Even as a kid, he never had a bad job because he’d never *take* a bad job. “I’d just go sell something,” he says. “I’ve never been a very good employee.”

To pay the Business School bills and sate his day trading habit, Hussey took a job at Reuters (now Thompson Financial Services) selling professional remote trading systems—services that delivered financial information to pagers and expensive quote machines geared toward large trading rooms in New York, Chicago or Los Angeles. But his customers were small clusters of traders working at satellite offices in far less glamorous locales. To get their business, he had to figure out a way to make connectivity cost-effective.

The Internet was still only a rumor to all but a scattering of academics and hobbyists, but it dawned on Hussey

that this new global network bore remarkable similarity to the private, mission-critical networks that delivered stock quotes and cleared trades.

“An economist will tell you the elements of production are land, labor and capital,” he says. “The elements of network production are transport, servers and people. And the change that catalyzed the rapid growth of the Internet was the widespread availability of packet switching. There became an economy of scale for transport—the pipes that connect computers.”

The connections that directed these “packets” of data to specific destinations (URLs) across the World Wide Web became dramatically cheaper and faster. And that created an imbalance in local networks. All of a sudden the servers were the bottleneck, creating virtual gridlock so vexing it threatened to hold back the mainstreaming of the next transformational technology.

Hussey had a simple solution: “My big idea was that if somebody could build a widget that could divide the load amongst a bunch of cheap servers, then you could sell a lot of those widgets.”

He assembled some engineers to build said widget, and launched F5 Networks in 1996. The big idea became Big/IP, the company’s breakthrough product.

Though he managed to raise start-up money quickly, subsequent unsuccessful rounds of financing forced him to pursue what he calls “just-in-time capital.” The risk motivated Hussey, who had plenty of skin in the game. “We never had much margin for error. Almost none. We were just woefully undercapitalized until the company went public,” he says. “You cannot minimize the effect that has on guys like me.”

Guys like Hussey came in short supply during the roaring ’90s. Not exactly a glass-half-full kind of entrepreneur, he focused on fixing bad news and practiced what he calls “negative know-how:” make mistakes quickly and don’t do it again. And so the environment at F5 might have been a tad more austere than some of the other tech companies that rode easy money to hubris-soaked demises. “In a lot of start-ups, people were mainlining good news,” he says. “We didn’t go around sprinkling happy dust. Even at company meetings, there was a little rah-rah, and then the sobering realities. Rah-rah and now we need to do this and this and this. Any questions? Let’s get back to work.”

The upshot was that F5 spent its energy and resources winning customers. And the lean company reported positive retained earnings in its first quarter after going public in 1999. That was only the start. By 2000, F5 systems were directing web traffic for 1,300 corporate clients.

But Hussey didn’t let success go to his head. He sustained a culture that minimized politics and maximized ideas. “Those might sound like nice platitudes,” he says, “but if you worked for me, you knew they were true.”

He operated F5 on a corollary guiding principle: “Ego is dilutive to net worth.” When the labor market relaxed in late 2000, he changed the rules of hiring from simply “A” players to “A” players who had already been where they wanted to go and could help them get there. This included the CEO. “That’s all I could do,” he explains. “I wasn’t the guy.”

Hussey stayed on as chief strategist until 2002, then left the board in 2004. His hiring legacy has certainly paid off. F5 has continued to maintain a dizzying trajectory, growing into the dominant company in its space.

“I’m incredibly proud and grateful for the job that the team has done—both the team that I hired and the team that my successor hired,” Hussey says. “It was a good idea. But that it survived the boom and the bust when so very few others did, especially in light of the competitive environment, is a real testament to the people who still work there.”

Now Hussey is enjoying life without a day job, though he remains ever-engaged in overlapping projects. He’s still trading and also running his own private equity fund, serving on boards, learning to make wine, and doing pro bono work with Pura Vida Coffee to raise living standards for growers in Central America. And he flies as often as he can. Last summer Hussey piloted his King Air over the North Atlantic to Europe.

“It’s more convenient and less expensive to buy a business class ticket with British Airways, have them pour you a glass of wine and wake up the next morning in Heathrow,” he says. “But you miss the adventure.” □

The Power of Personal Invitation

By Maureen Crawford,
Alumni Relations Manager



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