

iLLUminate Blog Transcript: Sanjay Shah '89 MBA on Technology and His Entrepreneurial Journey

Recorded October 18, 2022. Listen to it [here](#).

ANNOUNCER: 00:02 [music] This podcast is brought to you by iLLUminate, the Lehigh Business Blog. To learn more, please visit us at business.lehigh.edu/news.

JACK CROFT: 00:14 Welcome. I'm Jack Croft, host of the iLLUminate podcast for Lehigh University's College of Business. Today is October 18, 2022, and we're talking with Sanjay Shah, tech entrepreneur, founder, CEO, and chief architect of international enterprise software giant, Vistex. Sanjay, who earned his Masters in Business Administration from Lehigh's Business School in 1989, will discuss the American Dream, entrepreneurship, bootstrapping, adapting to sea changes in your own business environment, the importance of philanthropy and other topics. He's back on Lehigh's campus today to deliver the 14th lecture in the Donald M. Gruhn '49 Distinguished Finance Speaker series. His lecture kicks off the new Year of Learning in the College of Business, focused on the topic: Limitations of Technology? Friction versus Leverage. Welcome back to Lehigh, Sanjay, and thanks for being with us on the iLLUminate podcast today.

SANJAY SHAH: 01:17 Thank you, Jack. Pleasure to be here with you today.

CROFT: 01:20 I'd like to start with a quote from an interview you did with the Chicago Tribune in 2019, where you said, "I was born in India, and I'm living the American Dream." I wonder, what is your conception of the American Dream, and has it changed over the years?

SHAH: 01:37 The American Dream for me is uninhibited access to opportunities to unleash your potential and talent, and having an ecosystem that actually nurtures it and supports it. That, to me, is the American Dream. And I believe that I have had the good fortune of not just seeing it from the outside, but actually experiencing it myself on the inside.

CROFT: 02:11 That's great. And going back to the first part of the quote, what was your life like growing up in Mumbai, India?

SHAH: 02:20 Life for me in Mumbai was what I would call a closeted bliss. What do I mean by that? My entire family, that includes my extended family, was in a one-mile radius, and that actually included my grade school, high school, and college all within a one-mile radius. And so it was a closeted bliss and was a great support system. So that was my experience growing up before I embarked on this journey.

CROFT: 02:58 Now, you've said you grew up in a family of traders and accountants, and how did that influence your decision to get an accounting degree in college in Mumbai?

SHAH: 03:07 I think my path to pursue an accounting undergrad was kind of a bit of a hand-me-down, because that's what my parents and my uncles wanted me to do. Coming from a family of traders and accountants, that's what my parents did, and they thought that that would be something that I should pursue as well. That was kind of the family path. So not knowing better and being in that closeted bliss, I pursued accounting.

CROFT: 03:41 Going from that closeted bliss to leaving the only home you'd known to attend business school in the United States 10,000 miles away was certainly a pretty bold

move. What was it that led you to do it, and what specifically drew you to Lehigh's College of Business?

SHAH: 04:02

Yeah, so I don't know. Maybe it was an epiphany that led me to think that I need to step out of my comfort zone. And as I was going through my undergrad program and you are exposed to more things that are happening in the world of accounting and finance and management, pursuing an undergrad degree, you thought there was this whole world outside of this one-mile radius that I spent 20 years in. And as a part of our curriculum, as part of current events back then in the mid-'80s, we were introduced to Lee Iacocca, who single-handedly, as we all know, had revived Chrysler. And then I just sat there, and I was simply fascinated by what he did. And it was a bit of a fanboy moment at that time. And I went home wondering, "Where did he go to college or where did he get his education from?" And I found out that that was Lehigh. And coupled that with my desire to step out of my comfort zone, I said, "All right, that's the place I want to go."

CROFT: 05:18

Oh, wow. Now, what were some of the main differences you found living in Bethlehem when you attended Lehigh as an MBA student compared with your life growing up in Mumbai?

SHAH: 05:31

Like I said, in a closeted bliss, a full-on support system, right, when a lot of things were taken care of us, a lot of things that we would ordinarily have to perform here were done for us as a part of growing up. So when I came to Bethlehem and then had to study, do a part-time job in the library checking out books, and cooking and cleaning all in a day's work, was like I was on a different planet. So it was materially and significantly different for me. But then again, I kept telling myself that I did want to step out of my comfort zone, and I thought this was a fabulous place to do that.

CROFT: 06:20

All right, the American Dream is something we'll kind of keep coming back to throughout this interview. But I'm wondering, looking back now, in what ways did attending Lehigh's College of Business, getting your MBA here, help prepare you to pursue the American Dream?

SHAH: 06:38

Yeah, I think first and foremost, especially for me, coming straight out of undergrad into an MBA program, I think the foundational aspects were extremely important for me, right, the basics of business, for somebody that didn't have any prior work experience, if you will, or didn't have any meaningful work experience. I think that was extremely important. But more importantly, I think the potential of what business can do for society and for the economy in general is what really I got exposed to here, right? And having also shared classrooms with a lot of folks who were pursuing it on a part-time basis and that came with a lot of work experience, and to hear their stories at work as well, for somebody that didn't have any meaningful work experience, really opened my eyes to the possibility of, "Wow, there is such vast potential," especially here in America, which I said is uninhibited access to opportunity. It's like the only thing you need to bring here is your talent and passion.

CROFT: 07:56

So at what point were you bitten by the entrepreneurial bug? Was that something that you had started forming as a dream when you were still in India, or was that something that--?

SHAH: 08:09

In all candor, not. I was actually more of a corporate person. Right out of my undergrad, my parents wanted me to be an accountant. So right after grad school, they urged me to take up a job with an accounting firm, which I did. I started with

Pricewaterhouse back then. It wasn't PricewaterhouseCoopers. And then went on to work for General Motors, and then went on to work for SAP. These are large global companies, so I wasn't really on an entrepreneurial journey. I am what I consider more of an accidental entrepreneur. While working for SAP in R&D, I had an idea that I wanted to build at SAP. And for some odd reason, they said that they were not going to pursue that, at least in the short term. And I felt so compelled that this actually was a wonderful thing to provide to the marketplace, I asked them, "What if I break away and build it myself? Would you support me?" And they did. So here we are, 23 years later.

CROFT: 09:27

I'd like to go back to, you were at Pricewaterhouse, now PricewaterhouseCoopers, after getting your MBA, you kind of on the path that you had been on, it sounds like, basically your whole life. And within six months, again, you made another one of those pretty bold moves of leaving that job to go to Canada, for another country to take an operations job with General Motors. So what was it that led you to do that?

SHAH: 10:03

Yeah, yeah, so interesting. Accounting, for all its glory, is a bit of a slower burn in the initial days. I just felt that, at least back then, my impression was that it was a bit of a slow burn. And they put me in audit and so on, and I just wanted to run faster. And then I was auditing the operations of large companies, and then I said to myself, "Why am I auditing other people's work? What if I were to do it myself?" And so I said, "I really need to get over onto the other side and see what actually operations is like." And frankly, with a degree in accounting, it was harder to find a job in operations. I wanted a job in logistics and supply chain. I actually wanted to be inside the operations of a company. And I got lucky with General Motors, but they said, "You have to move to Canada." I said, "I'll go to Timbuktu if you want me to, but I want a job in operations." And so, I guess in retrospect, it was a little bit of an impatience on my part to have changed so quickly.

CROFT: 11:19

And did working in operations and logistics, becoming familiar from the inside with supply chain, did that serve as a link to your move to the enterprise software and a position at the multinational software giant, SAP?

SHAH: 11:39

Yeah.

CROFT: 11:39

I mean, again, that's another big move.

SHAH: 11:41

Yeah, exactly. So it was at General Motors that I was first introduced to what are called MRP, which is Materials Requirement Planning, and DRP, which is Distributions Requirement Planning systems, back in the early '90s. The first systems to get automated were accounting systems, and then came supply chain systems, like MRP and DRP. And because I was in operations, we ended up implementing an old mainframe version of SAP software. That was my introduction to software and to SAP. And then it turns out that SAP wanted to-- I guess we'll say I appealed to them because they were a vendor, and again, I was on the customer side, and they wanted to build-- and they wanted to grow their presence in the United States. And at some point in time, I always wanted to come back to the U.S. And they said, "Well, we're starting up a Chicago office. Would you like to be involved in helping set it up from the ground up?" And I thought, "Oh, what a fabulous opportunity to set up an office from the ground up." And so I accepted the position and moved to Chicago, and I've been there ever since.

- CROFT: 13:02 Now, for some of our listeners who might not know, be familiar with enterprise software, what would be an example of enterprise software and what it does for companies?
- SHAH: 13:13 That's actually a very good question, Jack. If you look at a company and broadly divide the primary functions that a business performs-- pardon my slightly long-winded answer, but I think it's important to provide the context for what is enterprise software. A company is involved in buying, which is procuring to payment, and then it's involved in making stuff, which is make to store. That's the supply chain aspect of it. And then order to cash, which is the sales and marketing aspect of it, and then what's called hire to retire, which is how you manage your talent, and then finally, record to report, which is the financial aspect of it. So these are the five primary business functions any enterprise, any business enterprise, runs. Any software that enables any of those five functions is considered enterprise software. And then ERP, which is Enterprise Resource Planning, are really company that managed all five functions, if that makes sense.
- CROFT: 14:23 Yes. OK. Now, you had mentioned that while you were at SAP, you were working in research and development for some of your time there, and that you had recognized some functions that you felt could be improved in the software and that you thought you could improve them. So how did that transition go from them handling it themselves to saying something, "If you want to go set it up and work with us independently, at least somewhat independently, we'll support you in that."
- SHAH: 15:10 Yeah, so having pursued my education in accounting—and by the way, while I was at Pricewaterhouse for six months, I even obtained my CPA because that's what I was told. I said, "I want to advance faster after three months," and they said, "Go get your CPA." So I did that in the interim as well, and then moved to supply chain to work in logistics. And then at SAP, I actually took an R&D position to develop software on the sales and marketing side. So again, I wanted more diversity in my exposure to business functions as well. And so there were some sales and marketing functions that I thought these enterprise software systems could do better, but they were all the rage, and they couldn't sell them fast enough. And so I actually presented a proposal to SAP's R&D leaders, and said, "We should build this type of an extension or this type of capabilities." And they said, "Yeah, we see a point, but I think let's park it for now, we'll do it later.
- We agree with you, but maybe now is not the right time to do this." And like I told you earlier, something told me that, "No, we should do it now." And so I said, "Hey, what if I were to go off and do it, and if it's successful, will you support me selling to your customer base?" which they gladly agreed. I mean, I was one of the first employees of SAP, having helped build their Chicago office. So I had the inside track, if you will. And that's how it came about. And if they had agreed to it, I don't know, probably I would have still been with SAP. Hypothetical.
- CROFT: 17:06 And this in your story I find very interesting, that from the start, it seems, you were determined to bootstrap the launch of Vistex, to get your new company up and running without any outside investors. Why was that so important to you?
- SHAH: 17:23 I come from a family of accountants, and so equity and your share of the overall pie is very important, is looked at very astutely. So I grew up with that mindset, and I said, "Hey, I want to do this." And frankly, for the first year or so, it was just me. I thought I

had enough skills to write the software, to be able to sell it, implement it, and also do the accounting for it. And so I felt, hey, perhaps, youthful exuberance, I guess, that I could do it all. And I really don't need capital to do this because I can do it all myself. I don't need to hire people to do this. I wanted to bootstrap it. And then I felt that as soon as the initial successes came about, and perhaps it was good fortune that my timing, turns out, was impeccable, because it was '99 and 2000, the year 2000, and companies couldn't spend money fast enough because they all thought computers, the systems, were going to come to a grinding halt with the year 2000. So for me, it was very fortuitous timing.

- CROFT: 18:50 Now, you reach the point, obviously, after at least that first year, where you did need to hire on other people, all of that. So what were some of the most important keys to the development and growth of Vistex in those first years and then over the years since?
- SHAH: 19:09 Yeah, so I quickly realized that this is not a one-man operation. It could be argued that maybe it should have been a multi-person operation from the get-go. But anyway, hindsight is always 20/20. I quickly realized that I needed to build a team, and I actually started-- the first thing I wanted to do was to build a team of engineers, because, again, having been in R&D, an accountant person, a CPA, coding software is a little unusual, right, back to sales and marketing software. But I quickly realized that I need to hire engineers, and that's where I started. And then slowly, over time, I was looking for enough like-minded people that I could persuade to join the cause, and it was gradual, right? For me, it was never about, "I want to grow 50% next year or I want to double in two years." I never really had any such ambitions premeditated or predetermined. For me, it was just about take the opportunities as they arise. But having built a team of engineers, what I thought was the first order of business.
- CROFT: 20:39 Over not a whole lot of time, you quickly amassed a client base that most companies would give their eyeteeth for. I mean, Apple, Walmart, 3M, Viacom, Intel, Bayer. I mean, I think everybody recognizes ...
- SHAH: 20:58 Yeah, who's who of their industries.
- CROFT: 21:00 Yeah. So what were the steps that led those huge international corporations to say, "This is what we need to do our business better"?
- SHAH: 21:15 Yeah, I think what worked in my case rather well was my partnership and association with SAP. Every single one of these customers that you mentioned, these brands that you mentioned, run their enterprise functions, the functions I mentioned earlier, on SAP. In fact, 95% of the Fortune 500 companies run SAP as their ERP system. So I really partnered with SAP to help broker introductions to these organizations, and I said, "I know you're on SAP, but I can help make these functions run better," and really partnered with SAP to open doors for me. So that's what worked in my case. I didn't have to just knock on doors, right? [crosstalk].
- CROFT: 22:14 The cold calling, yeah.
- SHAH: 22:15 Cold calling, yeah. So I had that tailwind for me. Perhaps an unfair advantage, but an advantage nonetheless.
- CROFT: 22:24 OK. Now, it strikes me, though, that one of the reasons that you're living the American Dream is because of your willingness and ability to adapt and change as

circumstances dictate. And I think the clearest example is the Cloud Revolution of the past decade or so, which has seen software largely move from a product that was purchased to run onsite to a cloud-based service. So if you could talk about how you've navigated what surely was a disruptive change in the pure sense of that in the enterprise software world

SHAH: 23:06

Great. That's also a terrific question, Jack. In fact, just earlier today, I was talking to a few students here at Lehigh over lunch, and this topic came up as well, so it's very topical. And if I were to say over the 23-plus years that we've had Vistex, the Cloud Revolution is the single most important, what I call, tectonic shift in how we go to market and how we provide our products and services. It's just the democratization of enterprise software that is enabled by cloud computing is just staggering. And so what our challenges and what we have done, I would say arguably a little better than others, is to see how we can adapt to the current mindset of how folks want to consume software, right? Sometimes, when you've done things a certain way for 20-plus years, it's hard to shed that. What do they say? My favorite quote in the technology space is from Andy Grove at Intel, "Only the paranoid survive," is that we've been paranoid all along that some tectonic shift's going to happen, which may render us less valuable or less attractive. So I would say we are still on the journey towards the cloud transformation. We are not there yet. We are not a born-in-the-cloud company, but we have to figure out a way to preserve our core, and yet, find growth with our initiatives in the cloud. But it certainly is a tectonic shift.

CROFT: 25:14

Yeah. Now, you had talked about the importance of bootstrapping at the outset. And as these changes were coming in 2019, you sought outside investment for the first time through a private equity firm.

Talk about that decision, which I take it, of course, the capital is always important, but it wasn't just capital, was it?

SHAH: 25:43

No, it wasn't. In fact, as we were trying to find our footing in this new world of cloud computing, I felt that bringing on a private equity partner that has done this numerous times for other organizations could be helpful for us, just to bring an outsider perspective. Because as you know, we've never had any outsider perspective, at least from an investor standpoint, but yet I didn't want to give up a lot of equity. Going back to that mindset. So we took a little bit of what it's called growth capital to just kind of-- for two reasons, to wet our feet with private equity, and more importantly, to help us find our footing and help us strategize for the cloud. It really wasn't for the capital.

CROFT: 26:35

Yeah. And then just last year, I believe it was, you acquired Webdata Solutions GmbH's assets and team. How does that fit into this as well?

SHAH: 26:48

Sure. So Webdata is a big data software company based in Germany, and that big data is all the rage. What does that mean in a nutshell? Sometimes it's, I guess, an over-abused term. Everybody talks about it and uses it in different contexts. But essentially, companies want to be able to synthesize data that is not generated from inside their corporate systems and use that for decision-making. For example, competitor

data, demographics data, what people are buying, POS data, is called Point of Sale data, right? What is flying off the store shelves, and so? And use that for their internal decision-making. And I felt that this company was working on some cutting-edge

technology to be able to synthesize this external data, what's called big data, and we could use that to help our customers make better business decisions with this data. That was the rationale behind that acquisition.

CROFT: 28:00

Now, you've talked in the past about the possibility of Vistex going public sometime in the future. So do you have a time frame in mind for that, or what would lead you to do that?

SHAH: 28:12

Jack, we've had a great run as a private entity, and there are advantages to being private. You don't have the usual quarterly pressures and so on. But we believe that we've also reached a stage where we are ready for public markets. I think we are ready for some more light to be shown on us. And so in that regard, I think that is something that we are pursuing, but the timing of that is somewhat uncertain, the current market environment notwithstanding. As we all know, these are really challenging times for financial markets. But I see that in a future. It's not if, it's when.

CROFT: 29:03

Now, shifting gears just slightly, but still on topic, it seems that your conception of the American Dream also includes a responsibility to give back. And one of the ways you've chosen to do that is by founding the Vistex Institute for Executive Education at Lehigh's College for Business. So if you can talk a little about what inspired you to provide the generous gift that helped create this institute and the need that it meets.

SHAH: 29:37

Interesting, I had the opportunity of actually going to an exec ed program at one of the biggest purveyors of exec ed programs. And frankly, I actually found that quite uninspiring, and I felt it was a little more pedagogical and a little less real-worldly, if I may use that phrase. I mean, 80% of exec ed is done by five providers, right? So you end up going to one of the five. But I felt that exec ed could do with a different approach, a more refreshing approach, and what better place than my alma mater to explore that? And that was the genesis behind the Vistex Institute here.

CROFT: 30:44

And the execution then here, as opposed to the program that you found uninspiring, what do you find inspiring about the approach that's happening here?

SHAH: 30:58

I think two things, right? One is we do not want to tell-- again, exec ed means they are working professionals. They are, in many respects, already accomplished professionals. The uninspiring part for me was that, "OK, you are at this stage in your career. This is what you ought to do to be a better professional." And here, I think our focus, again, has to be, "We're going to teach you how to digest information, how to discern it, and how to process it, and then you decide what is best for you. And what would you like to do next with the new learnings that you've had?" and not instructive in this regard, right? I felt that the-- I don't want our exec ed program here to be too instructive. It should be exploratory, right? "Here are the things that you should be aware of. Now, you're already an accomplished professional. Figure out how best to apply it to your job, your current job, your future job, whatever you choose to do." I think that's the difference that we are trying to-- and it's going to be a work in progress.

CROFT: 32:18

Right. Now, your philanthropic efforts also include your company, which you've created the Vistex Foundation, which provides grants to nonprofits focusing on health, education, and basic needs, as well as the Vistex Endeavor, which is an employee-focused charity centered on volunteerism. So if you could talk about what those philanthropies mean to you and what they're doing for others.

SHAH: 32:46

Yeah. So as a private company, we really don't have to have philanthropy, per se, for showcasing that. We have philanthropy so more investors would be attracted to us. Philanthropy for me - and I say that for my team at Vistex - really comes from within. So we really wanted to have two programs. You mentioned, the Vistex Foundation and the Vistex Endeavor. I wanted it to be employee-initiated and employee-driven programs, right, so where employees come to us with causes that are important to them and so on. It's just, again, giving back, right, in the communities we live and work. So that is on the Endeavor side. We felt that it's very important for our employees to feel that they're doing more than just collecting a paycheck and, of course, doing their work at Vistex. So it was more of a, more of a cohesion-driven initiative as well for employees. The Vistex Foundation, on the other hand, the idea is to undertake larger projects in the areas of health, education, and microlending, for that matter. As the old adage goes, to whom a lot is given, a lot is expected. So this is my way of providing resources to folks that would not have otherwise expected it, right? So our goal is to do projects in countries, areas, regions where people are least expecting it.

CROFT: 34:59

OK. Finally, I wonder if you have any advice for the budding entrepreneurs who may be listening to this podcast, who hope to live their own American Dream one day.

SHAH: 35:12

I would say a couple things. One, be authentic. What do I mean by be authentic is, I think, do not put on a demeanor or a show just for the sake of accomplishing something short-term. Don't be pretentious. It might work for you short-term. It never really works for you long-term or even mid- to long-term. So be authentic. And the second thing I would say is have great pride of ownership in everything you do. Whether you are mopping the floor or providing advice to the world's largest companies, have pride of ownership. If you are going to put your imprint on something, have pride of ownership. It's amazing. Once you have that mindset, it makes a big difference to your output.

CROFT: 36:11

Sanjay, thank you so much for being with us today and sharing your wisdom and experiences with us.

SHAH: 36:18

Thank you, Jack. It was great having this dialogue with you, and I hope folks listen to it and enjoy it. Thank you again.

CROFT: 36:34

Sanjay Shah, '89 MBA, is an exemplar of how Lehigh's College of Business helps prepare students to go out into the world after graduation and become successful entrepreneurs and global leaders. This podcast is brought to you by iLLUminate, the Lehigh Business Blog. To hear more podcasts featuring Lehigh Business thought leaders, please visit us at business.lehigh.edu/news. And don't forget to follow us on Twitter @LehighBusiness. This is Jack Croft, host of the iLLUminate Podcast. Thanks for listening. [music].