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Feature Article

February, 1999

Interview: Roy Rafalco

A Conversation With Topspeed Corporation's New CEO

On December 28, 1998, Topspeed announced the appointment of Roy Rafalco, Topspeed's President and Chief Operating Officer since 1993, to the position of Chief Executive Officer. Rafalco succeeds Bruce Barrington, Topspeed's founder, who will remain Chairman of the Board. Click [here](#) for the full press release.

Clarion Magazine: Congratulations on your appointment as Topspeed's new CEO.

Roy Rafalco: Thank you. It's a thrill for me to be put into this role, one that I did not seek. It's hard to fill the shoes of Bruce Barrington. Although he's not going anywhere. He'll be just as active as he always has.

As a CPA you've had a wide variety of business experience before coming to Topspeed.

I've been in public accounting because of the CPA background. I've been in city government, consumer electronics, and in fabrics and wallcoverings.

But you're also a lawyer by training. Why haven't you gone into law?

I've never wanted to be in a law firm, but I do enjoy business, I like to develop strategies, and work with people. But I'm a masochist. I didn't have to get a law degree. (Don't tell my wife.) After being out of school for a couple of years, I got bored. I always had this goal of getting a law degree. I didn't think it would hurt too much to add that to my CPA background.

You've had some international experience as well.

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TopSpeed

Clarion5
by Topspeed



At the time I was with RCA/General Electric, and I was flying to Taiwan regularly. It was a good experience. The reason I was in all these industries was to round out my background.

Where were you before you came to TopSpeed?

With Payne Fabrics. It was good experience. I went out on the road with fabric sales people, I went to design centers, I dealt with a much different clientele, ones who were interior designers. So you can imagine that kind of a customer base versus the kind of customer base I have today. A much different mindset. There you learn about image, you learn about things that are different than technicalities. It's all color, design, and style. It's all about the moment, and how you feel about things.

After Payne Fabrics you started looking for something different. That was 1991?

It was a recessionary period then, and after a lack of success using search firms, I decided I'd do my own direct marketing campaign. I did a thousand-piece mailer to companies all over the country. I decided that I want to target the growth industries, so I picked pharmaceuticals, health care, computer hardware and software. I set a minimum for annual sales revenues. As I was reviewing my list, I found this Clarion Software Corporation located in Pompano Beach Florida. It was below my minimum sales revenue threshold, but I said to myself I'm going to add that to my list. I manually overrode my search criteria.

Each letter went to all the company's CEOs, so Bruce Barrington received the letter. Later I received a call from the president of the company at that time. Before I came down I looked up Clarion, and golly, look at this, PC Magazine editor's choice awards, wow, these guys have the technology. This sounds great!

When I came down, the president interviewed me. He said "You're coming in as CFO because our financial situation is in a mess. This company may not be around after a year. But we've got the technology, we can turn this thing around."

And then I sat down with Bruce. Bruce didn't take a whole lot of time with me, but he came across very wonderful, warm and caring. He talked about how he saw the vision for the company and that the JPI merger was something that was really critical to our success. He liked my legal and CPA background because of the merger and all the things that had to be done. Also Bruce has always been interested in taking the company public, and with my background he could see where I could help position the company to maximize value.

I went back to my family in Dayton, Ohio in January with about a foot of snow on the ground. They heard about Pompano Beach, just north of Fort Lauderdale. I said to my wife you know, this company may not be around in a year. And my wife just totally blew it away. Nope, Fort Lauderdale. What's the temperature down there? Do you think we can get a pool? I had no choice. The family had made up its mind, the kids had made up their mind. They wanted to go to Florida.

It was a big risk.

That's right. I'm such a conservative guy. You may have seen me in some pinstriped suits. For me to take this kind of a position was really uncharacteristic of my judgement. But I said to myself it's high tech, high return, it also has to be high risk. So if it doesn't work out. I'd rather be walking the beach in Fort Lauderdale than the streets of Dayton Ohio.

On Feb 24, 1992, I came on board and started with the company. The merger hasn't even been clearly defined yet, and it's got to get closed somehow. The acquiring company is losing money. We have none of our upgrade revenue, and when is CDD 3 going to come out?

And you're thinking Ohio is looking pretty good right now.

It's like holy cow, what did they throw me into here? I have to say that Bruce was a great help and support. It was really hairy because on my 60th day with the company the president was terminated. The first thing I'm thinking of is this is the guy who brought me in, and my God, I'm on the way out. But Bruce said "I don't want you to worry about anything, I like you, I like your background, I think you can really help us". And at that point Bruce told me I would continue in my role. He did tell me he wanted me to take over operations in addition to the financial side. He was going to take on the president's role in addition to the CEO role.

And then that was the same year Data General sued us.

What did they sue over?

Clariion – Clariion with two "i"s. There was a whole Wall Street Journal ad advertising Clariion disk arrays. There was a big trumpet and all this kind of stuff. I was out of town, and Bruce went to our outside legal counsel and said we need to do a demand letter, so we sent off a demand letter and within a few days they'd sued us. They seized the legal jurisdiction in Boston, where they're headquartered and where there is a more favorable interpretation of trademark laws.

Those were dark days. How long before things started to turn around?

It was several years. We were in a pit. I guess we started seeing light at the end of the tunnel, it wasn't until late 96, 97. That's a lot of years! But you know, through those years I believed in Bruce's vision of how the London developers were going to help us. In addition, I have Clarion under my skin. It's hard to describe, but it's the belief that we can free the programmers from writing so much code. And then of course, the customer base put their arms around me, and how can I go anywhere else? How can I have any friendlier customers? Where can you find customers who are loyal and really pulling for you? And I can tell you there were some really tough times at the company. There were some key customers that I leaned on. They said Roy, we believe in you, we know it's tough, we know you'll make it, if there's anything we can do for you, give us a call. And you can't find too many customer bases like that.

Do you think Clarion developers feel so strongly about the product because it's such a small community?

That's part of it but you know what, it's a belief that programming does not have to be so difficult. I personally have seen the benefits of the tool. And I make it a point to talk to customers about the benefits of the tool, about all the good things and all the bad things. It's such a shame that programmers as a whole who don't use Clarion have to deal with the things they have to deal with.

We're out to convert the masses to something that can make their lives a whole lot easier. We're out there to save the programmer from all of this work and elevate them to a level of business analyst and manager, rather than a coder.

How do you think the Clarion programming community has changed over the last few years?

I still sense that most of them are independent software developers, and that really hasn't changed. I mean we have tried to break through into other areas, and in some cases we've been successful. Well, why are our customers independent software developers? I believe there is a common personality trait among all our customers. And what is that profile? One is time is their most important asset. Two, they're mavericks. Three, they're risk takers. They don't necessarily follow the rest of the world. And they certainly don't think MS is the technology leader. And the list just goes on and on and on.

Another typical thing is that Clarion programmers end up being very successful, whether it's monetarily, or leisure time, or just love of using the tool. Their quality of life is enhanced. The biggest kick I get is getting calls on the phone where I want to thank TS for "buying my new house for me," or "my new car." That really charges me up.

Now the frustrating thing about the Clarion developer, and I don't know how to get around this, is that same person who's very happy, thanking me over and over again, and saying "If there's anything I can do for you, you tell me," won't do what I ask. I say to them "You know, there's just a very simple thing I need for you to do. Do you have a local general PC user's group?" "Oh yeah," the customer replies. "Do you attend it?" I ask. "Oh yeah," the customer replies. "Well what I want you to do is to set up one of those meetings for you to highlight Clarion," I ask. "Oh no, no, I'm sorry, I can't do that," the customer replies. "Why?" I ask "Well that's my competitive edge," replies the customer.

It hasn't happened just once. It's happened to me over and over and over again. Of course, I try to explain to the developer that I understand. But, listen, if you want us to grow, we have to grow our masses. And you've got to talk about us. You'll still have the edge. You have the experience. We really need your help to get the word out.

Let me take the other side. We're the developers, you're the software company. You're supposed to be marketing it.

I understand and agree with that viewpoint.. Part of our problem has always been that we're in competition with MS. And how do we price our tools? Do we increase the price in order to fund more marketing? We're in a catch-22 because of resources. We have tried to get the word out, and based on the brief history of the company I've given you, you can understand that we were under no circumstances able to do much of anything but consolidate, lick our wounds, and bring the technology along.

A lot of companies would have folded in those circumstances.

Absolutely. The only reason we're here is due to the tremendous support of the shareholders, and the sheer will of the management and employees who just said we're not going to let this die, we're not going to let this happen. We're going to scrap, we're going to do whatever we can to make it happen, and believe me, I could share some very innovative ways how we got through this morass. Of course, the ultimate support came from our customers who have been very patience and loyal over these many years. To this day, Bruce and all of us are amazed how we were able to pull through those times.

Next month in Clarion Magazine: [Part Two: Roy on Linux, marketing, and the future of Clarion.](#)



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Feature Article

Interview: Roy Rafalco

A Conversation With
Topspeed Corporation's New CEO

Part 2

On December 28, 1998, Topspeed announced the appointment of Roy Rafalco, Topspeed's President and Chief Operating Officer since 1993, to the position of Chief Executive Officer. Rafalco succeeds Bruce Barrington, Topspeed's founder, who will remain Chairman of the Board. Click [here](#) for the full press release.

This is part 2 of a two-part interview. [Click here](#) to read Part 1.

Clarion Magazine: How are you positioning Clarion in the marketplace?.

Roy Rafalco: It's critical, because you and I both know, once people start using tools, they attach themselves to those tools. It's not easy to change. It's a learning curve, and it's even worse if you're not MS or IBM, and you're some Clarion Software or Topspeed Corporation that you never heard of before. That's why the word of mouth is essential. Right now our marketing department is gathering all sorts of case studies and success stories, so that when we do promote and call on people, we have a success story. People need to hear about other companies that have successfully used Clarion.

We used to hear about the push to sell Clarion in the corporate shops. Is that less of a focus now?

We were attracted to corporations for a couple of reasons. One was the lack of price sensitivity. Secondly, corporates were willing to talk about the tool once they had purchased it. If we could sell into a corporation, chances are they were going to pass the word about Clarion on to others. There's no competition between corporate developers about which tool they used. But the corporate market, which is really client server, is a mature marketplace. And when corporations make such an investment in the tool, the decision-maker's not going to say oh, you remember all those millions of dollars I spent on PowerBuilder? I'm going to spend a couple of thousand dollars on Clarion and do the same thing. It doesn't work very well.

All along our goal has been the same. We want to sell to programmers who can benefit from our technology, whether it's a small shop or a large shop. Now, we will be targeting and continuing to want to target programmers where the cost of selling the tool is reasonable given our produce price. Since, we don't charge royalties or runtimes, we receive only one price, and that's it. We may not ever hear from the customer again, unless they want to upgrade. Due the cost of selling the tool, it makes no sense to knock on the door with one or two programmers in that organization.

So if not corporate shops, what's the market?

One area that we're thinking about carefully is the trend in the marketplace is to outsource IT. We believe IT consulting firms are less married to their tools. IT consulting firms have more programmers who may not be committed to a particular tool. And that's why there's some significance in the press release you might have seen on UTA, where they've decided to train their programmers on Clarion. They're a government consulting firm. UTA's interest in Clarion is significant when you consider that their client is very conservative.

We still want to sell to programmers, and we don't care whether they're small independents or they're large corporates. Eventually, we will better identify specific markets where our tool will provide an unique solution, and our cost of sale will be reasonable.

What about creating a version of Clarion for Linux? Is that something you're keeping an eye on?

Oh absolutely. We've certainly learned our lesson when it came to getting to Windows late and getting to Client/server late. Being there first means a lot. So we're constantly thinking about that, and meetings go on every week, where we're talking two, three, four, five, ten years out. What is the latest technology wave, and do we grab that wave or don't we grab that wave? We had a painful lesson back in '93 when PDAs were the big thing. You remember the Pen Developer add-on to Clarion 3. I think we may have sold two of those. Because we have limited resources, we have to be careful where we devote our development resources

We all at TopSpeed have worked too hard to throw things away because we went in the wrong product direction. We have retained the [Gartner Group](#) as analysts for us. They provide consulting and services in terms of where they see the direction of technology going, and the marketplace. We consult with them regularly. Yesterday Bruce brought to me the fact that Infoworld estimated there was 12 million Linux boxes out there.

As we come to the right business decision, we also have to decide who we can link up with strategically to make it happen. Because you can't do everything by yourself, we have to constantly think about matching ourselves with a partner.

Will there be an IPO any time soon?

We don't want to go public until we think we can really maximize the initial stock offering. And we believe that that will take several years of consistent growth and we have to be at a certain revenue target. It could be as early as two years from now.

Are you thinking at all about the Open Source movement? Would you consider opening up the Clarion language?

Not really. We've been reading about open source, and it depends on your viewpoint. We've seen some things take place that look more like gestures than anything else, but on the Clarion side, we really don't see a need. Our plans are to continue advancing what we call the art of automated programming to whatever platform, using whatever language. At the same time, I would never say never to anything, but we are not ready to open up the Clarion language at this time.

How about generating Java or C++ code?

Given our technology and the fact that you don't have to hand code as much, the language used ends up being irrelevant. I can't necessarily tell you which direction we're going to go in terms of supporting other languages. However, we're in the long term business of providing automated programming tools. We'll look at all of the opportunities for how we can leverage our automation technology in order to grow the company and the technology so that programmers can be more productive.

If we were to do another language, Clarion wouldn't go anywhere. We still believe in the Clarion language and we still think it's a good

language. When I was in London in August, I was amazed to hear so many London developers taking the side of the Clarion language. Way back when we merged it was Clarion what?

It's also their Clarion language now.

And it's showing. It's a good environment and it's one of the things I really like about TopSpeed and the people, and the London guys are just fantastic to work with. They could be so much different, based on other engineers I've worked with.

It seems like there's a lot of loyalty and stability there.

In 1997 I was in London and some of the original JPI people came in to see me. It was the fifth anniversary of the merger. And I thought Oh God, it's five years, how do they really feel about the company. However The London developers said it was the best decision we've ever made. They love what they do, and hope that the company will continue on like it has been.

What do you see as TopSpeed's biggest opportunity?

From a technical viewpoint, there is no limitation as to what the London developers can do. I sleep well every night knowing that the London Development Centre exists with its tremendous talent. So that itself is an opportunity. Very few companies have that kind of talent.

I think the biggest opportunity is that we haven't told anyone about Clarion. If we start telling people about Clarion and being focused with our sales and marketing programs, I just think there's an incredible opportunity for the company as a whole. I'm just amazed at what we're able to do and no one's ever heard of us. I was just blown away when I saw this posting that we were second at DBMS. I just think if we come up with the right sales and marketing approach and start this ball rolling down the hill, then we will have an expanding the number of customers. When we increase our install base, our financial resources increase. With increased financial resources, we can enhance the technology even more, and it just goes on and on and on.

As I was coming up on my fifth anniversary at the end of 1996, I made a new year's resolution. I've been here five years. This company's going to go, if I gotta kick it, I gotta shove it, I gotta whatever, but I'm going to be less patient now. I'm a very patient person, very methodical. Over the years some of my staff have criticized me because I'm too patient. I should've made some moves quicker, whether it's regarding personnel or whatever. And so, I've got my staff working based on this resolution. I've told them they've got eight quarters. In eight quarters, we're going public, and we deserve it! I mean I'm not going to sit here and drive the car off the cliff, but this is our time to shine.

Remember Internet Connect? A couple of years ago I was over in London and I was sitting down with the guys. At the time, we were pushing internet connect to be mastered. Gavin Halliday was giving a demonstration of a very rough alpha and showing what it could do.

I was sitting there with my mouth wide open in amazement. I turned to Gavin and asked him how he created such amazing technology.

And Gavin looked at me quite matter of factly and said, "Well Roy, it's magic."

And all I said was "OK, Gavin, I guess you've decided I'm not technical enough to understand. Just pretend it's magic, right?" And he said "Yeah, it's just magic."

Your press release says that your appointment confirms what you were already doing. Did Bruce just sort of look around and say, well, he's acting like a CEO, I guess we better promote him? How has your role changed?

Bruce doesn't necessarily turn over his favourite thing to anybody, and Bruce is very cautious. Over a period of time he's gradually given me more responsibility. He came to the conclusion that now basically I was running the business, and it was time for me to come from behind the curtain. And quite frankly it wasn't my idea and I didn't ask for this, because it's been really comfortable to stay behind the scenes. I can hide out back there and make things happen, and not necessarily deal with all of the political things that result from being in the limelight.

As things are getting better at TopSpeed and we're breaking all records, I turn to the old folks here (they're not that old, but have been with the

company), and I say you know, we're going to miss those old days, because a crisis brings people closer together towards a common goal better than anything else.

It's also probably true to some extent of the programmers. If it really got big, one of the things that we could lose would be that close familiarity.

Customers tell me that they don't want us to grow big, because they know they can get me on the phone. Also, they know they can send an email, and Bruce may respond to it. They don't want those days to come to an end. The tool doesn't cost them too much. They like that kind of premiere access to TopSpeed. In addition, their competitors do not know about Clarion. so they can go in and undercut their competitors' bids.

Perhaps some of the lack of growth of the product is because of that resistance to change within the Clarion programming community.

My plan is to continue to make it that personal touch, even though it's going to be hard, and it's going to get harder and harder. But that's a value that our customers like. And we'll strive to keep it as close as we can.

Clarion wouldn't be where it is today without its customers. And those customers are a different kind of customers. They're the customers who pay for their upgrades every year and kept us in business. They're the customers like Team TopSpeed who are just giving of their time to the nth degree to help everybody, and to help the company. Really the success here is all based on the customer. That's our greatest asset.

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