

Former BEA Systems CEO back in business software

April 28 2011, By MICHAEL LIEDTKE , AP Technology Writer

(AP) -- BEA Systems co-founder Alfred Chuang got rich licensing business software applications to companies that installed the programs on their own computers.

Now he's pursuing another fortune running a startup that will lease applications hosted over Internet connections - a trendy service known as "cloud computing."

Chuang's new company, Magnet Systems, is trying to capitalize on the [social networking](#) craze, too. Its applications are designed to create more convenient connections among a company's employees, customers and partners so they can share ideas and stay better informed about what's happening with the business.

Magnet, based in Palo Alto, Calif., had been in so-called "stealth" mode until Wednesday. To herald its unveiling, Magnet announced it has \$12.6 million in funding from a group of investors led by [venture capital firm](#) Andreessen Horowitz.

Chuang, 49, had been bankrolling Magnet's development during the past two years with part of the windfall he got from BEA Systems' \$8.6 billion sale to rival [Oracle Corp.](#) in 2008.

It wasn't a deal that Chuang initially wanted to make after spending nearly 14 years building BEA. Oracle persuaded him only after sweetening its bid to end months of wrangling that also involved activist

investor [Carl Icahn](#), who was among BEA Systems' largest shareholders.

"My job wasn't to do what I wanted to do," Chuang said in an interview Wednesday. "I had to do what my shareholders wanted. It ended as gracefully as it possibly could. No remorse there, but I am not done. I like do doing this stuff."

Magnet's biggest selling point is Chuang, said Andreessen Horowitz partner Ben Horowitz. "You had to have Alfred involved for this particular idea to be plausible. He is one of the few guys who is a great technologist and great manager."

One of the reasons that Chuang is embracing a fresh start is because he believes cloud computing makes more sense than installing licensed programs on individual machines.

"The old [software model](#) is kind of like having your own gas tank in your own house," Chuang said. It's convenient but you have a lot of excess just sitting there. The cloud is like going to a gas station. You just buy as much as you need. The world needs to move to that model."

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