

Can You Keep A Secret?

Putting your innovations under wraps can pay off.

By *Jim Conley,*
Smart Business



For five years, the mysterious Transmeta corporation was silent. On January 19 the company ended the mystery when it announced the Crusoe processor, which many believe is poised to revolutionize handheld devices with previously unheard-of battery life and cutting-edge emulation of Intel chips. The jury's still out on Crusoe, but Transmeta's case proves that silence can be deadly—to the competition.

Not only was secrecy a good strategy, it was essential for Transmeta to keep Crusoe on a desert island. Untimely attention by chip giant Intel could have broadsided Transmeta in the hyper-competitive processor war. Frank Priscaro, director of brand development for Transmeta, says, "The key to keeping it quiet was making sure everybody knew what was at stake and why it was so important."

Though some industry experts attribute Transmeta's success at keeping silent to an ironclad nondisclosure agreement, Priscaro says Transmeta maintained its hush by trust rather than enforcement. "Everybody here has signed an NDA, but I don't think much of them," he comments. "NDAs are typically difficult to enforce if someone does violate them. You have to catch a person in the act or have a recording of them doing something."

Still, Priscaro admits that even trust wasn't always enough and that companies wanting to keep secrets need to be vigilant. "Transmeta had some leaks that we were able to follow back to the source, though none of them were malicious. Mostly somebody who said something to a friend who said something to a journalist."

Michael Adams, a **competitive intelligence investigator with California Business Intelligence**, describes Transmeta as "a very cloistered, familylike environment where people realized they would be incredibly wealthy if they kept their product a secret." Though his company has not actively investigated Transmeta, Adams attributes the extended silence to "strong employee satisfaction. You have to keep employees happy and well paid and give them incentive for success to keep a secret like that for that long."

But even the best secrecy has its limits. In today's aggressive marketplace even having loyal employees may not be enough to keep your secrets safe. Emphasizing his own company's respect for the Electronic Surveillance Act, Adams says, "Some investigators are willing to do anything for a price. If someone is looking into your business and has no budget [limitations], it's only a matter of time."