

CEO of the Year

Tom Adams Rosetta Stone



dynamic immersion

Rosetta Stone's Tom Adams dove into the pool of foreign languages and lost his trunks – Now he's dedicated to ensuring you surface with dignity.

For many of us the toughest part of speaking a foreign language is mustering the courage to begin speaking it in public. When we speak a new language, we inevitably make mistakes. It's embarrassing. Rosetta Stone CEO, Tom Adams, understands the pain of such embarrassment all too well.

Tom Adams was born in Sweden, but in early childhood moved to France with his parents. Like any child he learned the tongues spoken in and around his household with the facility children have for acquiring language, seemingly by osmosis. Everything went well for the bilingual youngster until he was 11 years old. That's when Adams family moved to England and enrolled him in an English public school (referred to as a private school in the U.S.). He did not speak a word of English.

"My parents were pretty rough I guess," Adams remembers. "They just threw me into an English-speaking classroom. I had to figure out what was going on. It was an experience like many immigrants go through here."

It's an experience Adams hasn't forgotten, in large part because he stood out so obviously on his first day in class.

"My mother was clueless [about the school]," he says. "So she goes and buys all the kits for the school. She buys all the things like a rugby shirt that we would need for sport. I like casual wear so I wanted to wear that during school. The first catastrophe for me was that I showed up in the wrong clothes. There are 400 boys all in uniform, looking exactly the same, and there I am."

The sartorial faux pas was merely the beginning of a period of unwanted attention. Things didn't improve when Adams sat down to lunch during his first week. Seated at a long table with other children, he was approached by school administrators.

By Eric Tegler

“They were trying to determine what my phone number was,” he says. “They’d forgotten to ask my parents. They started asking me in Swedish what my telephone number was – *Vad är din telefonnummer?* Then they started saying it slowly. At this point, everyone’s giggling and all the kids are joining in. It’s funny, of course, because I’m dumb, because I don’t know your language but it also pushed me down. You’re an outsider to start with and those sorts of experiences really hurt you. I don’t know why but I just pressed on.”

Despite his Swedish origin, Adams pronounced English words with a decidedly French accent. Predictably, the other boys gave him a fitting nickname.

“I would say ‘free-hundred’ [300] and ‘faa man’ [the man] and everyone thought I was extremely funny,” he says. “I was called ‘French Frog.’ About four months into it, I went home one day and said to myself, ‘I’m gonna get rid of this damn *fff* and start pronouncing *th*!’ I had a tape recorder and I pressed play and record and sat there for hours saying, ‘Three hundred and thirty three thousand three hundred and thirty three’ to get rid of an effective disability to feel more integrated.”

His triumph over the pronunciation and over English in general in what might be called a “shock immersion” environment are hallmarks of his determination. Adams’ use of a tape recorder to help suggests a readiness (even at a tender age) to turn to technology for solutions – interesting given that Rosetta Stone relies on technology.

Adams makes the “th” sound with impressive clarity today. You hear it when he says “thank you” to staff members who stop by his office. Surrounded by smoked glass, it sits in the center of Rosetta Stone’s open, window-ringed floor of an office building in Arlington. The company’s headquarters are here, facilitating sales, legal, finance and other administrative functions. The firm’s original (and largest) office in Harrisonburg, VA, remains, along with satellite offices in Boulder, CO, London, Tokyo, and Seoul, Korea.

When Adams joined the company, its Harrisonburg location had floor-to-ceiling partitions that allowed employees to “hide,” Adams says. One of his first acts was to do away with enclosed offices, “ripping the office open,” in his words. “I’m a big believer in learning and speed and ease of communication and I’m willing to sacrifice privacy for that cause.”

He’s certainly not shy about advertising for the cause. If you watch much TV, you’ve undoubtedly seen the company’s ads. “Are you one of those people who think you just can’t learn a new language?” the commercial asks.

The people at Rosetta Stone, from its CEO on down, genuinely believe you can. The product’s bright yellow packaging can be seen at Barnes & Noble and chances are, at a kiosk at your local mall. The company’s message seems to be everywhere, in fact. Yet it’s a good bet that few *SmartCEO* readers are aware that Rosetta Stone is headquartered here in the DC area. That’s probably because the firm’s origins lie a little further south.

frustration and fairfield <<<

The company that has become Rosetta Stone was inspired in the early 1980s. That’s when Allen Stoltzfus began studying Russian. But glacial progress with the language frustrated Stoltzfus, who knew that being thrust into an exclusively Russian speaking environment would greatly improve his learning curve. He’d experienced such immersion while studying in Germany, gaining command of the language in a matter of months.

That experience, coupled with his Russian frustration led Stoltzfus to imagine a way to simulate an immersive language environment. Put pictures and sounds in context, with no translation, and you’d have it, he reasoned. Stoltzfus approached his brother-in-law, John Fairfield, a James Madison University computer scientist, with the idea.

Fairfield eagerly embraced it, but the pair had to wait until the advent of the CD-ROM made the idea technically feasible. By 1992, the technology was mature and the Fairfield family partnered with Stoltzfus to launch Fairfield Language Technologies in Harrisonburg, VA. Stoltzfus’ brother, Eugene, an architectural executive, joined Fairfield as the firm’s first president and chairman, lending design expertise to the structural and visual components of the program.

Fairfield’s product was named “Rosetta Stone” after the artifact that had unlocked the secrets of Egyptian hieroglyphics for linguists. It incorporated the immersion approach that Allen Stoltzfus had recognized as a natural path to language learning, spurning traditional institutional grammar-based instruction. In the meantime, Tom Adams was receiving instruction of his own.

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Upon graduating from Bristol University in the UK in the early 1990s, he attended INSEAD, a leading international postgraduate business school in Paris. Adams took his MBA and set himself on a trajectory far removed from the field of language learning. He became a commodity merchant.

"I was effectively traveling the world and buying the production of mines called concentrates [raw material like an ore, only refined] and shipping it to other countries for sale," Adams explains. He lived in China for two years during which time he used Rosetta Stone to learn basic Mandarin. He traveled throughout Eastern Europe as well, working in a fluid business that that effectively put him in the role of "middleman."

In the course of his travels, Adams visited an old school friend here in the United States. The friend happened to work for Fairfield and introduced him to Allen Stoltzfus. "I met Allen and he wanted me to do all sorts of things for them," Adams remembers. "Nothing materialized but then Allen passed away. There was sort of a void because he was the driving force in the company."

Allen Stoltzfus died of a heart attack at the age of 60 in 2002. Not long after his passing, Adams' old friend called again. He wanted Adams to work with him at Fairfield and to introduce him to Allen's brother, Eugene Stoltzfus.

"I was a young guy, 30 years old," Adams admits. "I hadn't done this before but my friend had worked diligently for the family for a number of years, so they trusted him. He swore I was a great guy and would do the right things. Eugene and I got on famously and he offered me the position as CEO."



Before joining Rosetta Stone, Adams lived in China for two years, during which time he used Rosetta Stone's software to learn basic Mandarin.

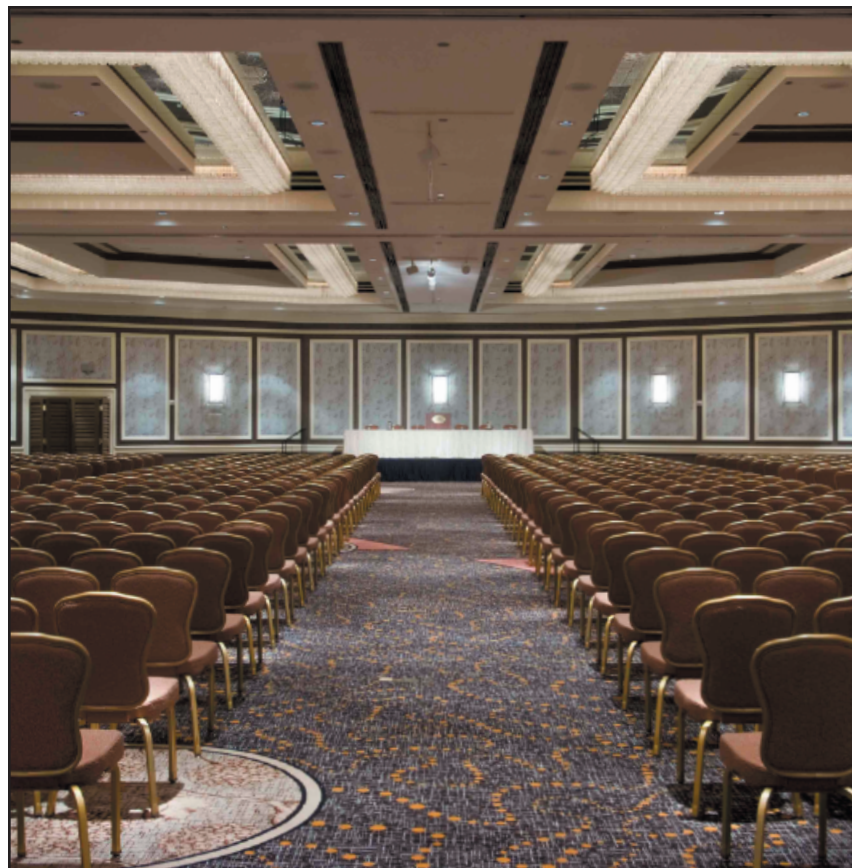
Whatever Eugene Stoltzfus and the Fairfield family saw in Tom Adams overrode any concerns they may have had about his age and general experience. While his international background and business training were undeniable assets, the switch from essentially brokering deal after deal to running a company would challenge any individual. But Adams' enthusiasm proved convincing.

"I had an MBA from a great school in Europe," he says. "I had a passion for language learning, which I had done many times. I'd also failed at it so I knew what worked and what didn't work viscerally. That passion, energy and good ideas for how to structure the business were things I had."

Adams' mission would be to grow the business and ultimately take it beyond the mid-size family-held enterprise it had become. He would make structural changes and recapitalize Fairfield, but from the start he was adamant that despite pressure, Allen Stoltzfus' basic idea would remain at its heart.

never translate <<<

Tom Adams' own English is slightly accented. You can hear it when he's describing the Rosetta Stone language learning method, particularly when he uses the word "disruptor." That's how he views the product and the company. Upon his arrival as CEO, however, some in the company were suggesting changes to make Rosetta Stone more mainstream.



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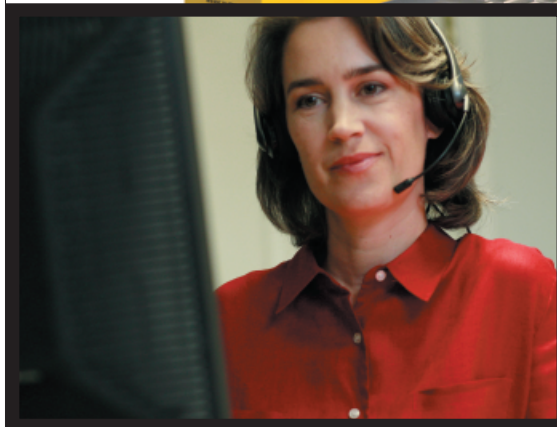
dynamic immersion

“Right about the time I joined after Allen’s passing, there was an argument about adding a dictionary and a grammar book to complete the offering that we had,” Adams says. “We had asked customers what was missing from our product and they said a grammar book and a dictionary. They thought our product was a much easier, much better way to learn, but they were so accustomed to the old way of teaching languages that they wanted those elements. That idea always tries to creep back in because it’s consistently how language has been taught. But Rosetta Stone will never translate. We will never do that in our history.”

According to Adams, our current approach to language learning emerged in the Middle Ages as monks sought to learn Latin and classical Greek, orally extinct languages that remained only in textual form. Grammar translation was thus the only method suitable for deciphering them. Bypassing grammar translation is the crux of Rosetta Stone’s methodology, which the company calls “dynamic immersion.” Essentially, it attempts to mimic our natural process of language acquisition.

“All we do is we imitate that method that you used as a child,” Adams says. “It’s portable across all languages with great ease because all children learn the same way. People often ask me, ‘Which is the hardest language to learn?’ I say, do you think children learn to say, ‘I want ice cream,’ later if they’re Arabic because of the tense or the script? No. Everybody learns at the same pace.”

I tried Rosetta Stone’s CD-ROM Swedish offering briefly. Once you’re past installation and setup, which does take a few minutes, you’re given the option of working through exercises that address specific skills from listening and reading to speaking and writing at absolute beginner or more advanced levels. Users are encouraged to do the exercises that best suit their individual learning styles and progress entirely at their own pace. The exercises are all visual in nature with combined sound and text compo-



nents. The software is able to analyze your pronunciation and correct it, adding interactivity.

The absence of a dictionary or grammatical primer forces you to take more of a stepped approach, building on what you’ve learned rather than jumping ahead. It can be frustrating for users who wish to follow a tangent monologue/dialogue progression or extend a scenario. And there are occasional technical hurdles. Even Adams trips over one as he tries to demonstrate Rosetta Stone’s basic exercises in Russian as we sit in his office. But just a minute or two into the exercise, one of the people in the room registers an “I’ve got it!” moment, suggesting the potential of the system.

Rosetta Stone appeals to common sense. As children, we learn oral language first. Most of us are not really literate when we arrive at school. Thus we learn spoken language and literacy separately. But school-based foreign language instruction seeks to teach us both simultaneously.

Researchers remain convinced that learning spoken and written language in parallel is the best method. Research over the past decade, they say, has shown that second languages are most effectively acquired when oral, aural, visual, textual and grammatical components are taught at the same time. The also draw a distinction

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between what is commercially referred to as immersion and an academic definition of the term.

Immersion has become a highly popular catchword in the language learning business. (Berlitz has a product called Total Immersion; Topics Entertainment offers Instant Immersion Spanish; Auralog's Tell Me More is described by the company as immersion software.) But the scholarly notion of the term differs in that language immersion is considered to have been achieved only when a student is learning other subject matter (for example, science or history) in the language they are attempting to acquire.

"I had a passion for language learning, which I had done many times. I'd also failed at it, so I knew what worked and what didn't work viscerally."

Academics point out that the majority of immigrants do not share exactly the same experience Tom Adams had. They tend to come from backgrounds with differing degrees of literacy and foundations, which may handicap their language learning success. Researchers refer to their learning experience as "submersion." The point dovetails fittingly with Rosetta Stone's typical customer profile, which the company says is highly educated and economically successful.

However, Rosetta Stone director of communications, Duane Sider, sees no reason why individuals with less literate foundations cannot succeed with Rosetta Stone since it's mapped to the brain's natural process of learning, not to a specific linguistic structure. "Rosetta Stone places you in an environment where you're not translating from your native language," Sider explains. "You don't have grammar rules from the language you're learning but there's a very systematic approach that enables you to understand and develop key skills from the beginning."

The discussion among academics and commercial language learning providers is always interesting and tellingly, Adams would happily spend most of our time together talking about the manner in which Rosetta Stone works – he says no other

learning product in the world is as "pedagogically interesting." But the business and its growth are equally engaging. That growth has been pretty impressive.

create evangelists and change the world <<<

"The idea is, we're going to make our customers evangelists by making them super successful in language learning," Adams says. Word-of-mouth recommendation can spur the growth of any product, but Rosetta's CEO wants users to proselytize its learning approach.

"In our category that needs to happen," Adams says. "There needs to be a transformation in how people learn languages. We simply cannot have 12 million students a year take a foreign language course and then not be communicative. Your children shouldn't be spending that much time doing something that they can't activate later in life."

Activating what he's learned is important to Adams. One of the personal elements he's brought to the company is the goal-oriented approach he applies in his own life. As he's written down his own goals, Adams has developed a mission statement solely for the company, not for outsiders.

"It's to remind ourselves about what we're trying to do, so it's not an uplifting mission statement," he says. "We deliver the best technology-based solutions for learning languages.' Every single word is important. It's about delivery, not just developing."

In describing Rosetta Stone, its CEO uses the word "craftsmanship." It denotes the sort of company Fairfield was when Adams took the helm in 2003, a family operation with 100 employees driven by the passion of Allen Stoltzfus. Adams' success has been in maintaining that family esprit de corps while scaling up the business and adding structure.

On the people side, Adams has added expertise while being careful not to quash the individual initiative that is the hallmark of smaller firms with fewer individuals. "I believe in people being free within constraints," he says. "Why is the U.S. such a successful country? It's because there are some very high level principles in the Con-



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dynamic immersion

200,000 years ago

> Humans learn to speak

1799 > The Rosetta Stone is discovered

1980s > Founder Allen Stoltzfus' idea of learning languages through immersion is born

1992 > Creation of Fairfield Language Technologies in Harrisonburg, VA, home of research and development

2000 > Rosetta Stone goes virtual, becoming available online

2003 > Tom Adams becomes CEO

2005 > The United States Army begins using Rosetta Stone for language learning training

2006 > Fairfield Language Technologies renamed for their signature product: Rosetta Stone

> Rosetta Stone makes Inc. Magazine's ranking of the top 500 fastest-growing private companies in the country

2007 > Rosetta Stone Version 3 Personal Edition launches with 21 languages, including the most advanced voice recognition

2008 > Rosetta Stone Classroom Version 3 launches, allowing for an integration of traditional classroom education and interactive computer software

> Launch of the Audio Companion, allowing consumers to take their language learning experience on the road through the use of a portable audio player

> Launch of seven new languages in Version 3, bringing a new level of learning excellence to those wanting to learn Dutch, Persian (Farsi), Greek, Hindi, Korean, Polish and Swedish.

2009 > The United States Marine Corp. begins using Rosetta Stone for language training

Rosetta timeline

situation that are so good that society is able to function with few higher-level laws. We've tried to create the same thing."

The most obvious structural change was the opening of new offices and overseas expansion as demand for Fairfield's product continued to grow. (Rosetta's research showed that America represents but 5 percent of global language learning demand.) The company's first step abroad was to London, a location chosen for its transitional ease and its access to other markets. With increasing governmental and institutional business and the need for more administrative capability, the company next opened its Arlington headquarters.

In 2006, Adams reorganized the firm's R&D function, established with Fairfield in the early 1990s. The company had progressively put more resources into marketing and selling the product, but Adams saw "a huge opportunity to innovate" and realized that a lack of further product development would stifle growth. To emphasize the rededication to development, he moved the function to Boulder, CO, where Rosetta's speech recognition team now operates. From a total of seven R&D people on hand when he joined, Adams has boosted the number to 190.

Though much of the Fairfield personality has remained, the most significant change during Adams' tenure has been its acquisition by private capital. As the busi-



According to Adams (pictured above in Rome), Rosetta Stone uses immersion language learning to mimic our natural process of language acquisition.



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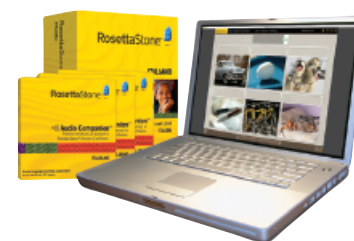
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ness grew through 2006, founder Eugene Stoltzfus and the Fairfield family decided they wanted to direct their energies elsewhere. Adams and his staff carefully identified and then worked with Baltimore-based ABS Capital Partners on a management buyout that would give the Stoltzfus/Fairfield families the freedom they sought while enabling the company to move ahead with further reinvention.

Reinvention began with renaming the business. In 2006, Fairfield Language Technologies took the name of its signature product, becoming Rosetta Stone. Adams remained as CEO and while the change in ownership didn't provide significant fuel for expansion, it did release him and others in management to start executing more aggressively and to direct investments to capitalize on Rosetta Stone's chief strategic value – its difference.

the value of difference <<<

A look at Rosetta Stone's annual revenue figures strongly suggests Adams is on to something. When he joined Fairfield in 2002, annual revenue stood at a little more than \$10 million. In 2005 it hit \$48 million, then \$91 million in 2006, \$137 million in 2007 and \$209 million in 2008.

That growth stemmed from a fundamental change in consumer demand brought about by the unorthodox nature of Rosetta Stone itself. The language learning market hasn't expanded in absolute terms, Adams says, but his company's product is different enough from existing books and tapes (always a fringe category) that sophisticated consumers have recognized its power and increased Rosetta Stone's market share accordingly.

"I attribute [the growth] to our release of new product with an improved curriculum and better speech recognition," Adams says. "That allowed us to have a better conversation with customers and demonstrate something more exciting."

Advertising is crucial and constitutes a major driver for Rosetta Stone. The portfolio of activity matters more to Adams than any single channel, whether television, magazine, radio or Internet. The product is available directly from the company's own Web site and online through Amazon.com. But physical retailing is perhaps even more important because demonstration is clearly a catalyst for sales.

Rosetta Stone is available at Barnes & Noble locations and at Apple Stores, linking brands that further raise the product's visibility and consumer associations. The software is also available at a large network of company-leased kiosks in malls and shopping centers across the country. Kiosks present the opportunity to demonstrate Rosetta Stone, leading to "I've got it!" moments. Their scalability has proven valuable in the current poor retail environment – Rosetta Stone sales were not down as of fourth quarter 2008.



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"The flexibility of the kiosk set-up is a real source of strength for the company," Adams affirms. "The most powerful dimension of the kiosk network is that we're able to demonstrate the product, and our product lends itself to demonstration. You can experience how you would learn at a location. By doing that you establish confidence in the buyer's mind."

Demonstration establishes other aspects of the Rosetta Stone value proposition, as well. One of the most compelling is the one-on-one interactivity it offers. Learning to communicate in a foreign language is a process of trial and error – frequently a painful process, as Adams' own experience proves. Rosetta Stone allows the user to make the basic mistakes that are part of the learning process in private. When they go out and actually speak the language, users undoubtedly make more, but the product enables them to avoid many of the most fundamental. This private quality has tremendous appeal for children and adults.

"I went through all of that feeling like an outsider because of the language barrier, so for me language learning is very emotional. That drives me whenever I feel tired or frustrated."

There are in-person private and semi-private immersion learning offerings available, Adams points out, but they are particularly expensive. Rosetta Stone delivers immersion learning in a more cost-efficient way. Convenience is yet another factor. The CD-ROM or download-able online formats allow users to access Rosetta Stone anywhere, at any time. Just landed in Portugal and want to go over a few phrases and scenarios before you leave your hotel? You can fire up Rosetta Stone on your laptop or iPod.

That kind of portability syncs well with Rosetta Stone customers who are accustomed to accessing digital information on the fly. The portability of the Rosetta Stone methodology yields unexpected value, as well. The company offers far more

languages (31 and counting) than most of its competitors, in part because its learning format can be applied irrespective of the language.

It's a competitive advantage driven by the method, Duane Sider asserts. "There are efficiencies across the board in creating a basic template that we use for any language. One of our commitments as a company has been to make sure that everything we do from technology to method can be applied universally."

"If you look around the world at language companies, most of them have focused on English because you can make a lot of money [teaching] English," Adams observes. "Rosetta Stone is trying to change the world in terms of making it easy to learn any language. Because we teach the way we do, we're able to teach many languages."

Of course, Adams is not ignoring English, acknowledging that it is their most-subscribed offering. Like other Rosetta Stone offerings, it enjoys an element that further appeals to and absorbs users. It is playful.

"Learning anything is hard for adults because we've stopped playing and play is such a core part of learning," Adams says. "So our product tries to be game-like. I think of this as a small Sudoku puzzle."

There are adults who've not forgotten how to play games. You'll find a large group of them in the U.S. military, an institution in which "gaming" scenarios is long standing tradition. Not surprisingly, the military has been among Rosetta Stone's most enthusiastic government clients. In 2005 the Army began using Rosetta Stone, and more recently the Marine Corps has acquired an enterprise license for the product.

The USMC's Center for Advanced Operational Culture Learning (CAOCL) in Quantico, VA, awarded a contract to Rosetta Stone in October 2008 and is in the early stages of integrating the product into its Career Marine Regional Studies Program.

"Language is extremely important to us," CAOCL operations officer Lt. Col. William Shannon confirms. "Everybody recognizes Rosetta Stone because they have a great marketing program. We've purchased an enterprise license and we've put the software on our MarineNet Intranet. A Marine can simply sign on to MarineNet, click on 'language,' and sign in to Rosetta Stone. It's very easy."

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Language education is currently an elective for Marines but is considered a positive ingredient in their professional development and recognized for its tactical value. The Rosetta Stone program compliments the Corps' tactical language training system, a computer game where participants communicate face-to-face with animated characters representing local peoples. According to Marine Corps Times, Brigadier General Richard M. Lake, the Corps' top intelligence officer, is using the program to improve his Swedish – one of three languages for which he receives extra pay. Marines who can show basic proficiency in a language deemed operationally relevant are eligible for an extra \$100 per month.

The military is but one of a number of institutional clients. They include several U.N. agencies, the Foreign Service Institute of the U.S. State Department and various Homeland Security agencies.

"They look to Rosetta Stone as an integral component of the language training that they deliver," Adams says. "They do many other things in addition to Rosetta Stone, but there are very few leading language institutions in the U.S. government that don't use Rosetta Stone."

Rosetta Stone is popular with a range of corporate clients, and according to Adams, the company is a leading language technology supplier to schools in the United States, providing software to more than 10,000 schools.

This variety of institutional clients paired with its success with individuals has made Rosetta Stone noteworthy. When *SmartCEO* visited its Arlington office in the depths of unemployment growth in February, the company had some 80 positions to fill, truly a rare circumstance. As attractive as the firm is, you may be surprised to learn that it has filed with the SEC for an IPO. [See update, page 41.] Few of its peers would even consider going public in this economy, but Tom Adams is focused on something beyond the short term.

missionary <<<

"From my perspective, the company is missionary," Adams declares. "Our raison d'être is what needs to drive our decision making rather than short-term considerations."

His view explains Rosetta Stone's decision to go public at a time when but a handful of other companies are bold enough. There were zero IPO filings in February when *SmartCEO* met with Rosetta's CEO. The company had itself filed in September of 2008. Even then it was one of an intimate group. In 2007, 203 firms filed for IPOs, while in 2008 only 29 did. IPO specialist and University of Florida professor of finance Jay Ritter says the number will be smaller still this year.



"Learning anything is hard for adults because we've stopped playing and play is such a core part of learning," Adams says. "So our product tries to be game-like." Left: Adams and his wife on a trip to Rome in 2008.

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"Until the stock market recovers, the volume of IPOs will continue at a near trickle," Ritter says.

Regardless, Adams sees the step as a logical one for Rosetta Stone, whether equity market conditions are rosy or not. "We're not focused on trying to time an IPO," he says. "Some companies time their IPO perfectly, but that can be fleeting success. What's important is that if the company does go public, it's on solid ground. Financial markets can be good one month and terrible the next. We can't predict that."

Ritter agrees. "I think it depends on a case by case basis but a company like this with \$200 million of annual revenue will likely be analyzed by investors not as an IPO but as an ongoing business opportunity," he says. "It's a company with established operations and demonstrated profitability."

Speculative IPOs, like those of the tech and biotech sectors in the late 1990s, are largely a thing of the past, Ritter adds, underlining the strategic determination of firms going public in this era. "Given the substantial expense, both in dollars and management effort that go into filing, there are very few companies that file for an IPO without planning to complete it," he says.

However actively Rosetta's IPO is subscribed, the company plans to go forward with a number of initiatives in 2009, including offering more online socialization for users. Rosetta Stone currently facilitates user interaction through its sharedtalk.com platform. The idea is that users can practice speaking languages to their mutual benefit though there is as yet no particular structure. "It's not set up for learning but it is a place where you can practice with someone who is native in the language you are learning," Adams explains.

Rosetta Stone's next generation online socialization offering will use proprietary speech recognition technology, allowing additional features. The project is one of a number at a company that tends to plan in three-year cycles but looks ahead as far as 20. If Rosetta Stone's people are long-term focused while simultaneously executing on a high level operationally, they can do "amazing things," Adams enthuses. "That's what people here at Rosetta Stone have signed up for – to change the world in our own little way."

How has Rosetta Stone changed him? Adams confides that he's very impressed with how far the company has come and how different his life is. He learns "all the time," he says, but his biggest lesson has been the power of a mission.

"One should not underestimate how incredible individuals can be if given an opportunity and a unifying mission," he says. "That lesson can be applied everywhere."

As to the long-term future of Rosetta Stone, Adams feels he's helped his colleagues distill what is particularly good within the company and that they mutually reinforce each other's passion. Rosetta Stone's people periodically revisit their values and assess their progress setting the stage for an enterprise that can function without Adams. If there is an "Adams imprimatur," he concludes it is in motivating the company's people.

"All I've done, really, is channeled the energies of others," Adams says. "I believe you can do that in a way that is sustainable long term."

Improving the product, overseeing the transition to public equity, and refining Rosetta Stone's process and execution occasionally take their toll, but when they do he remembers being an 11 year old known as "French Frog."

"I went through all of that feeling like an outsider because of the language barrier, so for me language learning is very emotional," Adams says. "That drives me whenever I feel tired or frustrated."
CEO

update **ROSETTA STONE GOES PUBLIC**

Editor's Note: On April 15 in late-day activity (just before this edition of SmartCEO went to press), Rosetta Stone completed its initial public offering (IPO), gaining 40 percent in the first day of trading, closing at \$25.12 after an initial offering price of \$18. It was the best result for any IPO in nearly a year and only the fourth IPO of 2009. The success of the Rosetta Stone IPO left some market watchers wondering if it represented a turning point in the IPO market that will encourage other more reluctant companies to test the waters in the second half of 2009.

The company says it will use much of its newly raised cash to push expansion of its business overseas.

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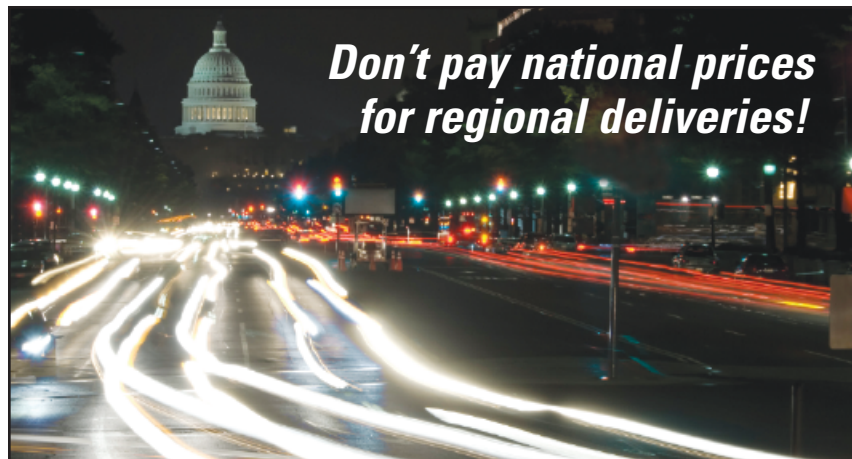
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