

- Entrepreneur and founder of L&H, sentenced for fraud in 2010



Pol Hauspie began his career in accounting. But in December 1987, he and high flying sales manager Jo Lernout decide to start a totally new venture and Lernout & Hauspie (L&H) is born.

Both believe in speech and language technologies as the future of computing. The problem is: they are way ahead of the market and this makes them high tech missionaries. To quote Hauspie: "Some products we developed in our early existence are really only being sold right now. The huge gap between our product development and the absorption capacity of the market is one of the key elements to understand both L&H's rise and decline.

Soon enough the Belgian company grew into a true high tech multinational. A real milestone was the investment of AT&T – the then biggest telecom company in the world – at a valuation of 100 million USD, giving the company a nice valuation platform to go public. In December 1995 L&H got his long awaited IPO on Nasdaq. Even Bill Gates found his way to Ypres and became a substantial shareholder in September 1997. L&H was big business for Belgium and at its height had a market cap of over 8 billion USD.

Regardless of its bright future L&H's frustrating slow revenue growth became the biggest problem. Publicly quoted companies publish their results on a quarterly base after which stock analysts predict future earnings. With Wall Street investors buying and selling based on those estimates, it pushes companies towards short-term thinking and away from long-term strategy. In the third quarter of 1998, the company's top management begin creating false revenue. This revenue manipulation creates an ever-growing pressure to generate fake sales. The company's use of fraudulent tactics continued and eventually snowballed out of control.

The rest is history. On August 8th 2000, the Wall Street Journal brought their revenue manipulation to light and subsequently destroyed the company. One year later L&H filed for bankruptcy. Hauspie is sent to jail for seventy days and finally at the end of 2010, the longest court case Belgium has seen comes to an end.

Few people know that many extreme situations during one lifetime. Hauspie has the courage to testify openly about his story and share his experiences, knowledge and insights, so others can learn from it.

As well as his own story, Hauspie's speeches discuss how ethically clean our public companies are and the importance of paying more than just lip service to corporate social responsibility.

Topics

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