

Digicash Sends Signal by Hiring Visa Veteran

By CAROL POWER

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Digicash Inc. wants to be taken seriously.

The developer of the E-cash system for digital payments on the Internet hired Visa International veteran Michael Nash as chief executive officer for just that reason.

It's not that the founder, David Chaum, was less than serious in promoting his high-tech invention—one that helped release considerable entrepreneurial energies in what has come to be known as the electronic commerce field.

But now the owners of Digicash, including Mr. Chaum, say it is time to play for keeps and reach for commercial viability.

"Our message is that Digicash has changed," said Nicholas Negroponte, the Massachusetts Institute of Technology professor who is acting chairman of the Digicash board.

"It is no longer an R&D company," he explained in reply to an E-mail query. "We are reorganizing under the management of Mike Nash with every intention to be a serious player in electronic cash. Digicash plans to be a force in the marketplace, not just in the minds of American bankers."

Mr. Nash played a key role in conceiving Visa Cash while at the card association from 1990 to 1995.

He then was director of marketing in Amdahl Corp.'s SmartGroup division, where he worked on the competing Mondex project.

Before joining Visa, Mr. Nash worked in several international locales for American Express Co. He said he has moved 17 times in 25 years.

"Digicash has always had terrific technology," Mr. Nash, 46, said in an interview. "It had grown to the point where professional management was needed."

Digicash was closely identified with Mr. Chaum, who started the company in April 1990 and said he never fulfilled the job description of full-time CEO.

Mr. Chaum will continue in the role of chief technology officer, commuting between Amsterdam, where Digicash was formed, and a new corporate headquarters, yet to be selected, in California's Silicon Valley.

Mr. Nash joins Mr. Chaum and Mr. Negroponte on a more formal, expanded board of directors.

Mr. Chaum, a renowned expert in cryptography, received a Ph.D in computer science from the University of California at Berkeley, then taught at New York University's graduate school of business administration.

A year and a half ago he cut his ties to Amsterdam's Center for Mathematics and Computer Science, with which he was affiliated since 1984.

Mr. Chaum said he intends to concentrate on the smart card aspects of E- cash, invent more products, and pursue contacts with the media and the scientific and technology communities.

Mr. Nash will manage day-to-day a business that has grown gradually from 12 people to more than 25 and employs sales and support staff in Amsterdam, Singapore, and Sydney.

Although Mr. Chaum knew Mr. Nash, he relied on a U.S. recruitment firm, Ramsey/Bierne Associates, to run a nine-month CEO search. Mr. Nash was in a final group culled from an initial 70 files.

Mr. Nash was born in Boston and attended Tufts University, where he received a bachelor of science degree in psychology and urban planning. He has an MBA from Boston University.

"Mike brings a unique blend of capabilities to the company, as he has worked outside of the U.S.," said Mr. Chaum. "He was also the inventor of Visa Cash, which is not dissimilar to our chip card product.

"He is someone with extreme integrity who will bring excellence in management to the company and a professionalism that has been absent, as is the case in many high-tech start-up companies."

Mr. Chaum said international marketing of the E-cash system is Digicash's priority.

Deutsche Bank in Germany, Advance Bank in Australia, and Nomura Research Institute in Japan are pilot users of E-cash. Already live with the product are Bank Austria, Den Norske Bank of Norway, Merita Bank in Finland, and Mark Twain Bancshares in St. Louis.

Postgirot Bank in Sweden has licensed the technology but has not gone into open testing.

"Our expectation is the numbers will grow rapidly," said Mr. Nash.

Privately held Digicash also announced the addition of two major investors: David Marquardt, general partner of the venture capital firm August Capital in Menlo Park, Calif., who was an early investor in Intuit, Sun Microsystems, and Verifone; and some of the \$120 million IT Fund of European investment firm Gilde Investment Management.

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Mr. Marquardt has become a Digicash director.

"We now have good, smart business people on both sides of the pond," said Mr. Chaum, adding that there are also some interested investors in Japan.

Mr. Negroponte, founder of the MIT Media Lab and author of "Being Digital," made a personal investment in Digicash last year. He also has a 12% general partner stake in Applied Technology Investors of Boston, which closed a convertible loan to Digicash a few weeks ago.

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