John Pearce

Interviewed by

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It's Wednesday afternoon, April 20, 2016, here in London, England. I am Alan Cane, and today I am talking to John Pearce, formerly Group Managing Director of the iconic computing services company Hoskyns Group, and whose business career now stretches back over 60 years.

Well John, I'm going to take you right back those 60 years and ask you about your first job after leaving university when I think you worked at Joseph Lucas and Smith Industries.

Yup.

Tell me about that.

Well, I was a typical engineering graduate in 1956, with more jobs on offer than we could attend interviews. It was a time when engineers were much sought after. And indeed if you had an Honours degree you were excused National Service. So I went on the, the usual round of engineering companies, GEC, Mullard, Decca, Raytheon et cetera et cetera. And, they were quite big events for graduates, because we were feted from start to finish. First class rail travel, Austin Princesses meeting us at the station, chauffeur-driven, and then very swish hotels to stay in. All except one, Metropolitan-Vickers, put us up in a B&B where the bedding had been used before, and at the end, told us they were not paying our fares because everyone was going to two interviews the same day and why should they pay for people… [laughs]

Oh! Terrible.

So no one went there, obviously. [laughter]

Mm.

Anyway, these were all jobs as graduate apprentices. And, I was growing tired of engineering at one level, and the jobs were £500 a year, that was the standard apprenticeship salary. And, one job on the back of the *Sunday Times* one weekend stood out, because it was for Joseph Lucas, at £700 a year, it was the only one, which

for some reason caught my attention. [laughs] And, it said that they were forming a computer team for their IBM 650. It was the second 650 in the UK. Rolls Royce had got the first one. And, they were hiring four Oxbridge graduates, four people from inside the company, and the eight-man team was to be added, or, IBM told them they needed an electronic engineer, quite untrue as it turned out, but that didn't matter. I was the electronic engineer.

You had been an electronic engineer at university, that was your specialism?

Electronic engineering was my, yes, I knew more and more about less and less than I did after knowing a bit about waveguides, and that was it. [laughs]

Indeed.

[02:57]
So, off I went to Lucas. And Lucas being also a bit mean said, 'Fine, we're going to send you down to London for six weeks. You will go on all the IBM courses for collators and sorters and tabulators and whatever, and then you'll come back, teach the team in four weeks.' So that was my baptism of fire into computing. Incidentally, I had never heard of the word computer before, although, being an electronics graduate, and my thesis was on the temperature characteristics of the OC77, which was a, which was a transistor. [laughter] Anyway. The engineering background was actually useful in two senses. It had taught me to think very analytically about abstract things, I mean you couldn't, you couldn't see inside an electronic circuit, and, also, to work incredibly hard. I mean university days were basically, nine till five, five days a week, almost.

You were trained as assistant analyst there. I mean that was a new profession.

No no no. I mean I wasn't… Oh, at Lucas I was…

At Lucas, yes.

Oh, we had to do it, there was no training.

Mm.

IBM didn't have courses in systems analysis, you just did it.

You invented it.

Yah. Now the people from within the company had come from organisation and method, so they knew a bit about describing clerical systems. I mean that was their claim to fame really, and making them as efficient as possible, and time and motion study and so on. So, they had that background, which was useful, but they knew nothing about computing, and nor did we actually. So, our first task was to divide up the work, and I got sales order processing. And, the guy who worked inside the company was an old hand and he knew the area pretty well, and he knew his way around Lucas, which was extremely important, it was quite a complex organisation.

Indeed.

And, so we, we set out to be systems analysts, and one of the things we did was to design and have made in the apprentices' shop a template. These were not available at the time, which, we decided what the symbols were for and got down to it. And I think it took them about two and a half years to study Lucas from soup to nuts, and to document all the existing systems before they decided which of those systems would be cost-effective, on this amazing 650.

Indeed.

Which multiplied 100 8-digit numbers together, 100 per minute, that was its claim to fame. And it had a 2K, 4K drum. So, programs and data went on the drum.

Did you do any programming yourself?

Oh no. We went on IBM programming courses, and I programmed. I realised it wasn't my, my forte, but I could program, it was all right. [laughs]

[05:58]

Very good. So you are doing these jobs for, four years, until 1960.

Well I did… That was, the first was at Lucas, and then I had time with CDL, which was a joint GEC ICT, or ICL as it was in those days, company to develop the 1301, which was to be their answer to the IBM 1401 I suppose. And, they had hired a three-man team to develop [inaud] coding in the English language, and I and a mathematician were designing the language, how it was used. We wrote manuals, we trained people in ICL. And we had a programmer who was getting her team together to write the compiler. And, then one day someone came in and said, 'Have you heard of COBOL? There's this lady called Grace Hopper in America and she's produced COBOL'. [laughs] And we said, 'What?' [laughter] Anyway, the project ended overnight. [laughs] And then I went to Smiths Industries, where it was really a repeat of the Lucas days, but I was the assistant team manager, and I had my template, and my standards, and my approach really to systems analysis, existing system description, possible new system, at least requirements if not detailed system description. So we did that, I think it was in, from memory, about nine months or twelve months at Smiths, but a huge reduction in time. So the learning curves were really kicking in. I knew about them in theory and I hadn't experienced them before. So that was useful experience.

[07:39]

Mm. At this time, did you have an understanding or a realisation of how important computers would be in business?

No, not really at all. I mean the, the applications that were talked about, mainly were payroll, gross to net requirements, which was quite a calculation with all the tax codes and whatever. And, a form of production scheduling. And the holy grail was machine shop scheduling, because it's immensely complicated. And so we didn't get round to that. but, if you looked at, Lucas for example had 250,000 components, and hundreds if not thousands of products.

Right.

Now, working out, if, if you had a schedule of products to be built, which components you needed, where the materials came from, and what happened if one of those materials was in short supply, which products did it affect, and which of your customers were affected because that dynamo wasn't going to be produced on time, was a massive problem which they tackled with an enormous punch card system, and, walls full of, really Gantt charts. And, that problem wasn't really tackled initially, it was too, too much, both for us and the 650. [laughs]

[09:00]
Well, indeed. Indeed. But you developed a fascination for computers during this time?

Well, yes, I mean, I took to it like a duck to water really.

Mm. Yes.

It just suited my particular brain. And, I was jolly lucky that computing emerged at that time, because I think I would have been very bored as a, like an ordinary electronics engineer. [laughs]

Mm.

And, and the demand for people was enormous I think at both Lucas and Smiths. IBM tried to hire me, with near disastrous results in both cases, because, Lucas was very upset that IBM was poaching their staff, as, as were Smiths. And, Lucas threatened to cancel the order, and Smiths eventually did change from IBM to English Electric.

Really? Just because of the, the poaching?

Well I think they tried it with someone else as well, but… So, good people, experienced people, were very very, in very very short supply.

[09:57]

Indeed. Nevertheless, you did move to IBM in 1960.

Yup.

Why was that?

Fortuitously really. A friend from the Lucas team, who I had kept in touch with, introduced me to an American friend of his, I think over a, over supper one night, and it turned out he worked for IBM. And, Adrian, my Lucas friend, was trying to introduced him to people, because he was completely new to the UK. A very nice guy, had just come from Los Alamos, working on special systems in, near Albuquerque.

Oh yes. Mhm.

And he had been put in charge of IBM's special products marketing in Wigmore Street. And, we started talking, and he said, 'You are just the sort of person I need.' So we talked some more. I took his au pair out [laughs] for an evening. Got to know him quite well. And, then I was in IBM. [laughs]

Right. So what were you employed as in IBM?

Well I was really there to help the salesmen introduce new concepts, new product concepts to interesting prospective, you know, existing customers. One of the first products was the O39[?] card reader. You put a punch card into a device, pulled it back, it was spring-loaded, and it clicked out at 39 characters per minute, transmitted over a phone line to wherever it was the GPO was managing to reach in the UK at the time. [laughs] And, so I would go along, explain how it worked, and explain its benefits and whatever. And, there were a number of those products which were being produced both by IBM in the States, IBM domestic, and in Hursley, IBM in the UK. So we were really the advance guard. The division's name was eventually changed, which was more sensible, to Advanced Market Development. I mean it really was a form of hands-on market research; rather than talking about a product, would you like

these sorts of characteristics? We'd take it along, and, they could test drive it, and think about it.

So you were getting feedback from the customers as well as providing them with information?

Yup. Absolutely. So, it was, something was usually done with very, with the larger and well-established IBM customers who didn't mind if a product didn't see the light. And they knew the process, and they saw the sense of it.

[12:27]
What was it like working for IBM, which was then the world's leading computer company, compared to the comparatively small Lucas or Smith Industries?

Well Lucas was a terrible shock, because, I was used to working very hard, and the first week I was there I was doing something at five past five and someone came up and said, 'You've got to get out. No one gets paid for working after five.' So that sort of… And then, the week after that someone had a birthday, so there was a big celebration. And he was presented with an amazing set of tools. I'd never seen anything like it. I said, 'Well aren't we going to chip in?' They said, 'Don't worry, we nicked it from the store.' [laughter] So this, this went on all the time. I mean, the morality… My, my boss, I think I went to Burnley or somewhere with him, where incidentally we were woken in the morning by a horde of ladies coming down the street in clogs, literally wearing clogs, the noise was unbelievable, and, he then showed me when we got back how I would fill in my expenses so that I would profit and he would profit. [laughs] This was, this was the introduction. There were five levels of everything, phones, desks, loos, dining facilities, whatever. Unbelievably class-ridden.

Mm. So IBM must have been very different.

And Smiths was a bit like that, but not quite as bad. IBM was absolutely remarkable. I mean they, they were very bright people, incredible brainwashing upfront. We were put on a one-month course, and really beaten up, you know, we had to work all night,

we were told virtually we were useless, and which really bound us together. And then a few days before the big boss came down and said we, you know, we'd been the best class, have our photographs taken, partners for dinners[?] and whatever. So we emerged from that feeling, there's nothing like IBM, it was the only company. Certainly compared with anything, any other treatment we had had.

Mm. Yes.

And, there was, there was no competition. And we were completely, we were the class of, 1960-whatever it was, and we were bound into IBM. It was beautifully designed. [laughs]

[14:32]
Right. Right. What was the pay like at that time, compared with other companies?

Oh it was, I think… I'm trying to think. I think I was getting about, £3,000 a year or, £2,800. It was pretty good.

Pretty good pay, yes.

Yeah, no, it was very… Yup. And, we were given our head basically. I mean, we weren't taught much apart from a bit more programing, I mean no one taught us about market research or market development or, lead generation or anything like that. It was, it was really up to you. It was a very young organisation in the UK. And, tremendous free, feeling of freedom, and of having to do your best because everyone else was doing their best. It was a, a hothouse atmosphere. But wonderful.

[15:17]
Mm. So after a very short time, in fact just after a year, you were transferred to IBM's world trade headquarters.

Yes.

Was that your wish, or they just transferred you?

No, typical in those days, someone came round and said, 'IBM has decided to transfer 30 systems engineers from Europe,' in January '62, this, I think, was December, we got about three weeks' notice, 'to the States, because we're developing SABRE and PANAMAC,' two airline reservation systems. There are 1,000 systems engineers working on SABRE. [laughs]

Wow.

And, not far off that on PANAMAC. 'And, the railroad, banking and airline businesses, we believe, are going to go to online systems. We're sending 30 systems engineers to learn about these systems so that when they come back they can help sales and make proposals. Because the design work will continue to be done in Poughkeepsie.'

Mhm.

So it was a six-man team from the UK, I was appointed the team leader, and I was told, unlike the other 29, I would be based in Manhattan, acting as a coordinator between UK sales efforts and the design teams in Poughkeepsie. Incidentally, Jim Martin of Martin Institute was one of my team members.

Oh right.

He was very upset he wasn't the team leader. [laughter] So… I mean that was an amazing opportunity. I was, 26? Yes, 26. And, so, off we went. And, rationing, I think rationing finished in 1959, so the shock of hitting Manhattan, and the food, and the pace, and the ladies walking in furs down Fifth Avenue, was quite remarkable. [laughs] Anyway, that was, that was a…

[17:13]
So while you were there, did you actually do design work on SABRE, or, or was it a matter of learning?

No. What happened is, the other 29 were attached to design teams in Poughkeepsie, and they got real hands-on design experience.

Right.

I mean incidentally, it was a bit like the blind leading the blind, because these projects just consumed people, and hardware. I think the, the special engineers or whatever they were called in Poughkeepsie, because a lot of special hardware had to be built as well as just software, came from DEWS[?], the Distant Early Warning System that had been developed, if you remember, at Fylingdales, and, and they were citing Fylingdales and Canada, to pick out flocks of birds versus missiles coming from Russia and know what they were and where they were going to land and what to do about it. So these, these were very intense, real-time systems.

Mm.

I'm not quite sure how the relationship between a, a sailor agent in Australia and a missile coming in from, from Russia went [laughs], but, that was where it all came from.

Mm.

And, the, the design problem was, was very serious. They developed, or Gordon had developed the GPSS mark two simulator to try and help with the design. But, pretty well every airline reservation system went in, the hardware trebled and quadrupled to try and get the response time down to a manageable proportion. It was just a black hole.

[18:48]
Was this a hardware problem or a software problem do you think?

Probably a bit of each really.

I mean the hardware would have been still fairly primitive I suppose, but…

Well, it was really… The problem was, if you had got, you know, 100 or 200 terminals scattered round the world, and agents got very bored very quickly if the response time went up. I mean response times, we today would say hopeless, you know, four or five seconds waiting and keying and nothing happened.

Exactly.

So you were stuck with that human reaction. Also the telecoms systems were pretty awful and fault prone, so you had that in between. And then, the hardware and the software. So, trying to work out at any time in the day how many messages were going to come in, what sort of messages they were, how long they would take to process, how long they'd take to send back and get… I mean it was a huge proper ballistic system. And, you just kept throwing hardware. And the hardware was the, was the resource you could keep throwing at to get powerful access to data or whatever. And they got up to all sorts of tricks by looking at queues coming in, sorting them and putting them on different machines, because they knew that particular message would require longer to process than that one. So, yah, I mean, I think it was, just the nature of the best really. And very early days dealing with that type of system.

[20:17]
IBM would have launched system 360 while you were in the States.

That was '64.

'64. Yes.

Yah. No, the 360…

Did that affect you?

Well it was the year basically that we formed Hoskyns.

Yes.

So, it was perfect timing.

Right.

Because everyone wanted the 360; ICL and the others had absolutely nothing like it. I mean the main thing was that the, the software was, if you like, transportable through all the layers of the 360, you didn't have to say, I want to change my machine, going from a 650 to a 702, then a 702 to a… or whatever it was.

No, it was a family of machines rather than a…

Yah. That was a huge breakthrough. And, [inaud] your company sort of, effort for IBM in, in retrospect.

Right.

So… And that's where I met John Hoskyns, in Manhattan.

In Manhattan. Mhm.

Because he came over saying. 'You're telling me…' He was the IBM airline rep for British, BA, and they, not wanting to be left behind with American Airlines and PANAMAC, said they'd like a proposal for an online reservation system. It's worth remembering, you know I say they threw hardware at it and the costs kept going up, and in those days the seat utilisation, particularly on international flights, was 72 per cent. Because, what happened was, agents in each country were given a block of seats, and within three weeks or so before the flight took off they were all brought back into a central point. That was the way to do inventory, or seat control, stock control. And then if you wanted to fly, you had to phone London. [laughs] So they managed to get it up to 72. Well if you go to 90 or 95, the impact on the bottom line for the airline was enormous. So that, that's why they [inaud] had it[?].

[22:00]

So you had John [inaud].

Anyway, John came over, and I was, as the UK coordinator, we met, and discussed what resources would be needed to make a proposal. Took him up to Poughkeepsie. And, he, he, I can remember that we walked around the labs there and we were laughing and joking, and it really perturbed the Americans, they, they thought that, you couldn't joke really. [inaud] engineer, this was very serious business. [laughter]

Mm.

So we, we made a proposal to BA in November 1963. And, I… All the top, IBM top brass had flown in, I think Arthur Watson, his brother ran domestic and he ran international, world trade, had flown in. So we had all the IBM top brass. Our proposal came to, I think it was £42 million in those days, which was huge. I think £800 million in today's money. And, we were having a special terminal made in La Gaude to undercut the cost of the domestic terminal. And, I met John, who was normally quite upbeat, and he said, 'You know, it was foggy last night.' 'Yup.' He said, 'Well, I had flipcharts, the aids, the brochures were in the back of my car.' 'Yup.' 'My car was stolen in the fog.'

Oh!

So we had absolutely nothing. And the terminal from La Gaude couldn't land because of the fog. So there we were, in front of the whole BA board, with all the, [laughs] the brains from IBM behind us. And, so John stood up, and, he just had to wing it. And Lord Douglas of course, of Kirtleside, who was about five foot high, was sitting in the front, and he looked up to his aide-de-camp and said, 'Who is this fellow Hoskyns? Which school, and which regiment?' And his aide said, 'Winchester, Green Jackets.' 'Hm.' And he went to sleep. [laughter] He didn't say another thing.

And that's how business was done in those days.

Yeah, absolutely. [laughter] Well it wasn't done in this case. Because UNIVAC came in at £26 million.

Oh did it?

And we lost the order. But I, I mean we, IBM clawed it back, because I think, UNIVAC made an even bigger mess of it than [inaud] made elsewhere. [laughs] So, so then John said… Oh, and he asked me for coffee [?] in January of '64, and, said he thought his days at IBM weren't looking particularly rosy after that, you know, for major, for major prospect.

Mm. You were already thinking more about software and, software applications perhaps than hardware, at that time.

I never really thought much about hardware, despite the background. I mean it was, it was the use of computing.

It was always the use. Yes.

Yup. And, so, and that's what turned me on really.

[25:07]
Well that… Yes, so how did you and John Hoskyns put Hoskyns together?

Well he came to me in the January of '64, saying he thought his days were numbered in IBM, and…

Because of this fiasco, or…?

Yes. I mean, he only had two prospects really, BOAC and BA. [laughs] And the [inaud] had gone. [laughs]

OK.

So, he said, 'Do you think there would be a market for DP consulting?' DP as it was called in those days.

Mhm.

And I had seen the sales on working at Lucas and at Smiths, and come across them of course at IBM, and I said, 'Well, most of them don't know anything about systems,' and most people didn't, because they hadn't seen, you know, even if you had done systems requirements, it took so long and you hadn't actually seen real live working systems through.

Right. Right.

So, we concluded that there would be a market for a small upmarket DP consulting, or consultancy. And, John said he would get the business in, and I would execute it. So, the company was formed in March '64, we started in April. And, we operated from his sitting room, with Mrs Kemp who came in twice a week to type the letters and lick stamps. And, John's father-in-law was a stockbroker who knew Herbert Hill who was the Chairman of Birfield, and he had put up £50,000. In fact we didn't use it, but that was basically £50,000 long stock there if we needed it. And, offered his amazing eighteenth-century [inaud] offices in 21 Hill Street, where we ran our interviews for staff. They were bowled over. [laughter]

That was luck wasn't it? [laughs]

If you look at it, there's a whole chain of luck, you can say. I mean the thing is, you take advantage of those opportunities when they come up, basically.

Where did the working capital come from?

That was it, we, the £50,000. I mean we, we charged £40 a day, which was the same price as the top five accountants. I mean we, our IBM training had taught us that, we were the best. Not in a silly conceited way but we just reckoned we could deal with anyone. And, we thought we were probably better than they are, so why shouldn't we

charge £40 a day? Ignoring they had very large overheads of course, but… And clients paid on the nail at the end of each month, so, we didn't need much working capital. We weren't developing products or anything requiring investment, other than working capital. And if I was, if a client paid at the end of the month, and I was paid at the end of the month, it worked out quite well. [laughs]

Well, there was the two of you. How many more people did you recruit, or need?

Well, we… The first job we got was with a Birfield company, Lacock in Sheffield.

Oh yes.

So the first sales call was in the second week of April. And, I learnt a bit about selling that day, as a systems engineer, because, the managing director really didn't want us near the place, but his chairman, Herbert Hill, had told him he should have a meeting with us. So he had got this sort of, in context for the meeting. And after I had flipcharted and presented the benefits of stock control and so on, and his eyes glazed over, he said, 'Well when could you start then?' as if, you know, he had to say something. And, we had no business, no other prospects, and John said, 'Well Ken,' he said, 'we've got quite a lot on. I think, we can probably start at the end of July.' I thought, [laughs] Christ, you know, this is three months away. And Ken, not to be outdone, 'That's a bit late,' he said. [laughs] So, so I said, 'Well I think, John, we could move things around a bit. We can probably do something in June.' So anyway, cut a long story short, we started next week. [laughter] Ken was not to be dismissed. He had to have this. [laughs] So, that, that took the systems work there, before a proposal from IBM and ICT and someone else took only, I think four months.

Mhm.

So we went from two and a half years to twelve months to four months with the good old systems development methodology. So the learning curves continued to kick in. And that was using, myself as team leader and I think eight of the people from within Lacock. I had to train them in the whole process and so on. And they went on to work on the implementation of the system, which…

So, in Hoskyns itself there was still a very small team?

Let's think. In that six-month period, I think John hired Mike Jackson of SLP fame,

Yes.

And, I hired Frank Stevenson[sp?], who had worked for me at IBM, for a very brief time. And, I think, John was beginning to put together Centre-File in his mind, which was an online system for stockbrokers, which Birfield backed, eventually to the tune of £2 million. And, I think he was talking then to Alistair de Watfield[?], another ex-IBMer, to come and launch that project. But, when I got back from Lacock, which was after six months up there altogether, by the time we had chosen hardware and got everything settled, then we started to hire more consultants, and I moved into hiring and managing consultants. I didn't do another assignment in detail. And John increased the sales effort. I mean we had some good stories to tell about Lacock, what had happened and what we had done, and so the, our, the references started to get better from that point on.

[31:08]
How did you find these consultants? I mean, presumably you had to train them.

Well we, we used the, mainly it was the *Sunday Times*. And, we found initially people who had worked, as I had in the early days, one, Tony Hillman[sp?], came from Rolls Royce, so he had had some experience. He then went on to run the PNCU project for us, the online police system, and then became Managing Director of Datastream for many years. And John Smith[sp?] came from English Electric I think. So, we got two or three people in at that stage who knew a bit about it. We had to train them in our particular approach. I was very keen on having a standard approach, so that we could keep the quality right and hand on the lessons learnt against a common framework, rather than just letting people go off and do, you know, what they wanted to do, or had been taught before.

Right.

[32:07]

So, I think eventually, on the consulting side, we were up to about 20 consultants, but we started to get ideas for real growth, and that to us meant products. Remember in those days, IBM hadn't done bundled, they didn't do that until 1969. So most people thought that developing software products was a crazy idea, even if they understood what they were.

Mm.

So, it was a combination of leverage through, say, something like Centre-File, where we, we were paid fees to develop the system and to run it. Birfield got taken over, Centre-File was sold to NatWest eventually. I'm not sure how well it ever worked. There were real problems with the IBM operating system. I mean, it was a general purpose operating system, it wasn't designed for online real time systems. So, you were faced with the problem, do you try and live with the problems of the operating system or do you develop your own? Difficult choice.

[33:24]

Indeed. Indeed. How did you and John decide who was going to do what when you set it up first? I mean you were Group Managing Director, he was, Chairman?

Well, initially, he was the Managing Director, and as he said at the interview, 'I'll get the work and you'll do it.' I mean that was it.

Oh I see. OK.

And I was, I was seven years younger, much less experienced. I mean he had been a captain in the Army, he had been around, he'd been in Kenya with the Mau Mau times, so he, he had seen a bit of life. [laughs] I had seen Lucas and Smiths. And, so I, I got on and did the work. I had a very small shareholding at that point. And, I remember being very very impressed in very early days, probably when we had only three or four employees, when he came to me and said that he had decided it would be a good idea to entertain prospective clients to dinner at home. I said, 'It sounds good

to me.' And he said, 'Would you mind if I put the food for those dinners on my expenses?' Which was very impressive I thought, that he would ask me whether he could do that. And that was his, that set his tone, and the tone for the place really.

Mm.

Complete openness and honesty. You know, he owns, owned at that point, [laughs] 95 per cent of the company, and he's asking me whether I think he could do that. So that was, that was very impressive I thought. That made a big impact.

Mm. You got on well with him?

Extremely well, yah. No, we had the same sense of humour. We were both perfectionists, had a good design eye, and as I said, the same sense of, stupidity. [laughs]

But he could be very acerbic, couldn't he, when the occasion demanded.

[hesitates] Pretty… I mean we, I can remember one instance where he got a bit cross, and it was my fault, and I apologised and it was all fine. We just didn't fall out.

Mm.

In fact, if you look at what was going on in Hoskyns, we weren't working together closely that much. I was running one company, he was running another. But, it was the best, certainly the best business relationship I had in my, in my working life, by far.

[35:42]
At this stage, had you, were you enjoying management?

I loved it. Yes.

As opposed to engineering or, selling.

Yes. No, well I, I mean I… Things, systems analysis was the first bit; the next thing was being assistant team manager, and then it was the marketing with IBM. And then, really back to basics and doing the work at Lacock, or at least leading that team. But realising it was going to be the forerunner of our business, and we needed to agree reference and so on. But no, I, I enjoyed finding people. I'll come back to your question.

Mm. Surely.

And, and motivating. I was, I was… I was pretty good at that actually. We were both very good at finding good people, that was, I would say, if you look at the two things that, well three things that stand out. One is, we were very good at finding people; two, we were extremely good at raising money, people believed us: whether they should or not's another matter, but they did believe us; and we knew when we were on ground that we were, you know, we were not good at. And in a way, selling Hoskyns was good timing. We were both very interested in starting new things, and Hoskyns needed a period where it was going to grind up the profits and develop a completely different infrastructure and so on.

Right.

So I think that… That was prompted by his wish to join, you know, to go into politics.

[37:37:12]
Mm. Surely. Mm. Yes, it was an interesting time then. I mean you were there for thirteen years, you left in '76.

Well I joined '64, left '76, so it was twelve years, yup.

Yes. And at that point you joined the National Enterprise Board, from Hoskyns.

Yup.

That was a, quite political thing to do, wasn't it?

Well it didn't seem political to me. [laughs] I think John was, John was a bit upset because he did say, 'I had hoped you would come and work with me in Downing Street' at one stage.

Ah.

And he was definitely a, you know, a strong Conservative. I was politically in the middle. I think I was not politically motivated really. I think… I think there was probably a certain amount of, almost sibling rivalry. I thought, no, I've got to try and show I can do it on my own. Not only do it on my own but do it on a much bigger scale. There was that part of I think. So…

I'll just go back a step.

Yah.

[38:10]
Hoskyns was of course sold to Martin Marietta.

Martin Marietta, yup.

Were you involved in that sale?

Yes, very much. Very.

I mean, both of you were involved in the…

Yes. No, we were both, we both did it really.

And the reason was that you both wanted to do new things and…

Well, John told me in 1972 that he wanted to go into politics, which was a, a blow to me, because I could see us sailing off into the sunset together.

Oh right.

And he said, 'No no, I think, I've done business, it's…' And I could understand in a way, because business is a very narrow-minded obsessional pursuit. You really have to put the blinkers on and go flat out. Ignore everything else, your home life and everything, if you really, if you're really going to make it.

Yes. Mm.

And he said, 'No, there are,' you know, 'there are broader horizons, and I want to look into the political world.' So, to do that, he needed some money, because he knew that this would require some years in the wilderness, thinking, working, talking, you know, talking to people.

Yes. Mm.

So… And we had had Schroders as, in a sense, they didn't call themselves that, as venture capitalists, I mean they were one of the top five merchant banks at the time, and, they would like, they had 26 per cent, and they would like to get out at that time. They had been in for, probably about seven years. And we had American Express as a shareholder, they saw it as a venture capital, corporate venture capital with a four- to five-year life. So they, they weren't pushing, but they were quite, I think quite pleased with the opportunity of going liquid. So… And Martin Marietta had said they would like to buy us in 1972 I think, and of course we said, no way, we're never for sale. And after three years of wooing us, we, we fell over. [laughter]

[40:03]
Would you… I mean, do you see your time at Hoskyns as wholly successful? I mean, it was a start-up, and you sold at a good price at the, at the end.

Well yes, I mean, it was a, it was an enormous success really, and, no other software, computer services company, had ever sold in the UK.

Mhm.

We sold for a pea at 23[?].

Mhm.

Not great times economically in the UK, '75.

No indeed.

We came out of the awful '73 time. And, I remember our accountant, a very nice man, almost accused us of criminal behaviour. He said, 'How can you have sold it for that amount of money? All your people, they've got legs, they're all going to leave now. They're all going to leave.' He said, 'I can't understand it.' Anyway. [laughs] I mean if we had stayed on… We had 450 people at that time. If we had both stayed on, and been able to take it to that next stage, which, I said earlier, we probably would have been bored with or couldn't have done anyway, it could have been a lot more valuable, but there we were. We were trailblazers in that as well actually.

And of course after the sale, Hoskyns did go on very successfully for, for many years.

Well it, it went on. It went public, and then it was taken off again, and it's now the cornerstone of Gemini.

Capgemini, yes.

And the people there told me it went on to 9,000 without any further injection of capital. I mean… And, we, or I asked them and they said, you know, what was the, what helped, or what was the main factor, and they said it was just the culture and the attitudes that were set in concrete in Hoskyns allowed us to grow. Obviously it morphed into something different, but that was quite fundamental to its growth.

[41:53]

Mm. So let's talk about the National Enterprise Board. Am I right in thinking you actually took the idea of a computer and electronics division to the NEB?

No. They had already formed that.

Had they? Mm.

David Dunbar was the director of the computer and electronics division, before I got there. He had been, he had worked with Lord Ryder, Don Ryder, at the paper company, I forget the name now. So, Ryder as Chairman of NEB brought David Dunbar. And, they were dealing with two groups of companies, the lame ducks, they had British Leyland, Rolls Royce, and on the electronics side they had ICT and Ferranti, and one or two others. I mean, these companies were in dire straits, and had, the NEB had injected big chunks into them. So Dunbar looked after the NEB's interests in the lame ducks in the electronics area. And he was also charged with finding ways of actually doing something effectively in the electronics and computing area in the UK. So he had backed Iann Barron in Inmos. Incidentally, the same time as Sinclair was being backed for, I forget what, it was his… No, it wasn't his calculator, it was something else.

Something else.

Not his car I don't think. [laughs] But anyway. He was another mad inventor being backed by the NEB.

Mm.

And, so that was Dunbar's patch. He was already in operation.

Mm.

And, I wrote a paper. I, I think I had a month off, went on a course in macroeconomics at Oxford and decided that economists were the most creative people on Earth since they move from month to month explaining why last month's [laughs] forecasts had been completely wrong, with their head high, ready to make another one. So that wasn't for me. And, so I wrote a paper on, basically, the waste of software talent and manpower in the UK, given what I had seen about the software product market in the UK. And I knew that most of the UK software companies had not really thought much about if they had any software products under development. And, I sent it to Prudential, who I knew from Hoskyns days, to BOC who, I knew somewhat there, to GEC, and to the NEB. I knew the Deputy Chairman, Leslie Murphy, because he had been Deputy Chairman of Schroders. Prudential said, not our strategy; GEC said the future's hardware, not software; and BOC, I could see that Brian Mills[sp?] and I weren't going to mesh that easily.

No.

So there was the NEB, waiting for things to pour money into [laughs], in computers and electronics. I mean, those were go-go times, and they… Only I think the year or two years before, the Government had voted £3 billion to Wedgwood Benn as Secretary of State, and he had said, we want to buy into good profitable companies, rather than these lame ducks. That was the thinking at the time. Fortunately Eric Varley was the Secretary of State in my time, and saner thoughts prevailed. [laughs] So there was the NEB, who leapt at this opportunity, both to, well basically to fund something new in the international software products arena, with someone who had got some experience, you know, of doing that.

Mm. Yes. But this, I mean, you weren't, going to the NEB wasn't a political decision. You weren't interested in the politics?

No. I, as I said to you, I wrote to four people who I thought might have the stomach for it, and the financial muscle for it, because I knew it was going to be an expensive operation, and, the NEB was one of those. I had no… And there was never any intent to sort of nationalise the UK software industry. And, with the Computer Services Association and the sorts of people running them, they would soon be up in arms if

there was any suggestion of that. So, the NEB was very careful on that particular point.

[46:17]

Indeed. Well tell me about Insac and its activities.

Yup. I mean the, the idea was that we would buy into ten of the top UK software companies. And, the shares would be held by the NEB, not by Insac. And Insac would fund off balance sheet in the way we had been funded by the NRDC for one of our key companies in Hoskyns. In other words, we would get a return on gross revenue, a percentage of gross revenue. So, it didn't affect the balance sheet of the company. The project failed, NEB didn't get its money back; the project did well, NEB would do well. And, that was attractive to the companies concerned, they didn't, they didn't necessarily want huge loans on their balance sheets. But we said, if we're going to do that, then we need to have a minority stake in the companies so that we can, you know, work with you and keep an eye on you by having a board member and so on.

Mm.

So that was the first piece of the puzzle by up to, more than 25 per cent, up to, say, 30 per cent in the top ten companies. And I reckoned we needed ten to make the mix rich enough to make it work. So, the second arm was to fund those companies, as a result of market research in the States, to develop products, which they could then sell in the UK, and we would have rights to sell internationally. And the third arm was that, if they didn't want to develop a product, or had no interest in it, or didn't have the skills to develop it, then by agreement with the board, on which each of those companies would have a director, big mistake [laughs], don't have suppliers on your board… [laughter]

OK.

Insac itself could develop products, which then would market on its own. Right? Provided that those products were not seen to be things which the companies could or wanted to do on their own. That was a critical distinction.

Insac had its own development capabilities?

Well, it, it in fact… Viewdata is a perfect example, the IVS-3 Viewdata product. Insac decided that that was a product that had legs overseas, and it was son of Prestel, which was developed by the, was it GPO or Post Office? I forget.

Post Office.

But the development work under our specification was done by SDL, who was one of the Insac members. So we didn't have a development team as such, we used the members.

Ah.

So even if we decided there was an area which we wanted to go into on our own, they still got, they got the development work.
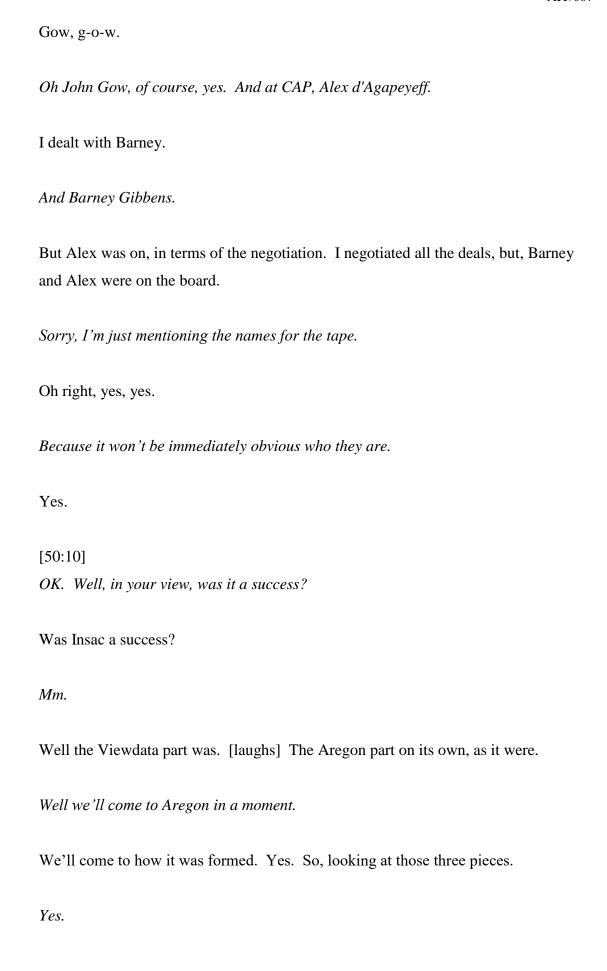
[49:10]
And who were those initial companies?

Well SDL was one. Philip Swinstead. Systime was another, John Gow. CAP, I dealt with Barney there, but also Alex was on the board. And, Logica, dealt with Len Taylor, and he was on the board. And the fifth was SPL, Peter Adams[sp?].

Mm. Yes. Systime, who did you deal with at Systime?

John Gow.

John…

Gow, g-o-w.

Oh John Gow, of course, yes. And at CAP, Alex d'Agapeyeff.

I dealt with Barney.

And Barney Gibbens.

But Alex was on, in terms of the negotiation. I negotiated all the deals, but, Barney and Alex were on the board.

Sorry, I'm just mentioning the names for the tape.

Oh right, yes, yes.

Because it won't be immediately obvious who they are.

Yes.

[50:10]
OK. Well, in your view, was it a success?

Was Insac a success?

Mm.

Well the Viewdata part was. [laughs] The Aregon part on its own, as it were.

Well we'll come to Aregon in a moment.

We'll come to how it was formed. Yes. So, looking at those three pieces.

Yes.

The NEB shareholdings in those companies, I'm almost certainly right to say they sold those quite profitably, right. I was asked to go and see Keith Joseph in 1977 or '78, to answer questions about that portfolio. Because he was saying, 'Oh just, we'll just well 'em all off,' and I was saying, 'Actually, those are like gold dust, you've got 30 per cent of the top, five out of the top whatever, UK software companies, and, some of them will go on to do great things. This is a nice portfolio, don't sell it.' He purported not to listen, but I believe… I mean they were held by the NEB, and, in fact, I believe they were sold quite profitably.

Mm.

So that, that piece worked well. Although that wasn't the major intent of Insac as such, it was a, it was an enabling device for Insac. The development of products by the members, not much happened there frankly, at all. The development of a product, and then later more by Insac itself, came from a deal we did with the Post Office, and, that product was sold around the world to about seventeen different distributors, which was very good income.

Which product was that?

The IVS-3, Viewdata product.

That was the IVS-3. Yes. Mm.

Yah. And then, we, when the split came later on, after it was quite obvious we were not going to get any more members, because, Mrs Thatcher wrote in a 1977 or '78 *Time* magazine article, she was on the front page, 'When I come to power I will wipe out the NEB at a stroke.' So of course no more members. Everyone went for cover. And I started to think, you know, what can we salvage from this thing? [laughs]

Mm. Mm.

And I realised that having risky projects with risky bankers is a recipe for disaster. That was my big error. I hadn't realised how unstable both the NEB was under an

unstable government, that was the problem, and, you know, bankers are difficult at the best of the time, but if they themselves [laughs] are under threat, that is not, not useful.

Perhaps you should have taken more interest in politics. [laughs]

I, I mean I found the game-playing that went on was amusing and interesting, but it was, it didn't, it didn't produce anything. I was not bad at playing it, but it didn't actually produce end results, that was the, that was the frustration.

[53:10]
Mm. So, in fact, the Conservative Government did close down Insac in 1979?

Well what happened was, they, they let Insac continue, and put in Neil Pearce as the Managing Director, and I believe he did find some products, and I believe he did, he kept it going for some time. I can't tell you exactly when. But I pulled out to run the Viewdata piece, which we renamed Aregon, in, '79 or '80, I forget precisely when now.

So Aregon group was specifically aimed at marketing the Viewdata product, IVS-3.

The IVS3. That was its, that was its mission. Yup.

How well did that go?

Well, in the end… We had hoped that more businesses would take it up. As I say, we sold it to seventeen companies around the world who were very interested in the whole concept. It was really an early form of, of the Internet, if you can think of it that way. It was particularly good at disseminating information. It wasn't great for online applications. Although, the travel companies found it pretty good. Thomas Cook were very early into it and, and did good work with it. The problem was that the, the terminals were not great. They were inexpensive, because they were modified TV sets basically, they had a Sony chip in them. But the [inaud] and just, everything about it, was, was a bit slow.

So you were running Aregon for quite a long time, '79 till 1985.

'79 till, '85, '86. Yah.

Yes.

And, at that point, well, the NEB were the shareholders, initially 100 per cent, but I had agreed with them that I and my team would get some equity at some point. We had agreed that that would happen right at the beginning. But, Gerald Kaufman was the Minister of State for Industry and it was his decision and he said he did not want Labour Government funds being used to make entrepreneurs rich, so, that, that didn't go ahead. [laughter] And then… So they remained the, the main shareholder. And, I decided that, I'd like to broaden my wings away from just the Aregon piece, and raise money from three venture capitalists in, I think it was '84. There was Advent, Electra and, CIN, c-i-n. On the basis that we would run a specialist form of venture capital company which had, it was going to focus entirely on IT, software companies and products. It would have a finance and marketing division really acting as consultants to the investing companies, all of whom would generally speaking be weak in those two areas. And, we. I hired a tem to do that. I had an exceptionally good accountant, called Philip Bowman, who went on to run, was it Grand Met or one of those? He was very able. And I had a nice team. And then, there was one particular project in Aregon which was the, a wonderful deal, I think it was with ATT&T, fell through. So Aregon started to run out of money. Most of the money that had been brought in to launch the venture capital fund had to go into [inaud]. [laughs] So that was a, unfortunate to put it mildly.

[57:11]
Indeed. Indeed. But you moved on to management consultancy with Pearce and Associates.

Yup. I mean I decided at that point that I had had, whatever it was, 20, 30, yup, nearly 30 years, of very interesting but also quite stressful work, particularly the NEB days were not easy. So I decided that, that consulting might be a slightly easier life.

And handed Aregon over to, I think it was Barry Roberts, and then Aregon was, merged with Capiti[sp?] in '78, quite successfully, the shareholders got out well. And so, at the end of it Aregon did well. And that product went on to become a very well-used and, and liked Foreign Office dealing system based on IVS-3.

Right. So was Pearce and Associates…

Sorry, foreign exchange dealing, [laughs] foreign exchange dealing, not Foreign Office. [laughter]

Foreign exchange. Indeed. So was Pearce and Associates a sort of, Hoskyns reborn under your name?

No, I, I didn't want to employ people again. It was just me really. And, and a few people I knew if we needed to, to employ them, you know, on particular stuff.

What kind of projects did you undertake?

Oh, I mean very simple, advising companies that were in trouble, sitting on software company boards. Very, very light. And one of the, one of the precursors to the, moving into consulting, was that I had raised, virtually a done deal, £5 million from a Middle Eastern company to get the venture capital fund going again. And I can remember coming in one morning and thinking, you know, I've just done this for a long, long time. Do I want another £5 million from someone I don't know, under stress and pressure, all over again? So that was what really, it was, bittersweet in a way, you know, because I could have kept going, but I thought, no, enough's enough. [laughs]

[59:32]
OK. John, well when and where were you born?

I was born in Hampstead in 1935.

What did your, what did your parents do?

My father was the number one piano tuner in Steinways.

Sorry, in…?

Steinways.

Oh Steinways. Indeed.

He joined to be an apprentice at fifteen, and he died aged 81, still working for Steinways. He died in Aldeburgh, in the afternoon, and he had tuned two customers' pianos in the morning.

Dear oh dear. Well this is, I mean this is fascinating. I have never met anybody whose father was a piano tuner before. [laughs]

Well there you are. [laughs]

And your mother?

My mother was a shop assistant, when she left school, and didn't work when she got married.

So what was our childhood like?

I… It was… It was peaceful and, I was going to say idyllic, but it was, had its usual problems. A major problem or issue was the war. I mean, my father went to the Air Force in, well in '39, and, we moved to Taunton for a year and to Exeter for a year, my mother's relatives. And, you know, I can still remember the sound of the sirens and the bombs dropping on Hendon Airport, we lived in Hendon. And, so that was, a formative period actually…

Mm, it must have been.

…in a way that it would be very difficult to tie down, because you don't, you can't make sense of things at that age really. You just, you experience them but they, you know, can't mean much.

But that apart, you had a happy childhood?

Yah, very happy. When I compare… It was very very simple, playing in the road, playing in the park, and, Cubs, choir, Scouts, youth club. [laughs]

And, I mean, did your parents encourage you in terms of education or sport or…?

My mother was very keen on education, and, arranged… Well no, she didn't arrange actually, but the… I was at a local church primary school until I was eleven, and, I think it was, was it Beveridge or Butler in the year before said that, poor boys should go to rich schools. I mean he didn't put it in those terms. But basically, I was the first year where scholarships were offered to go to private school, public school. We weren't given exams because, too many people had been away from school or we had been in air-raid shelters or whatever during the war. So I think we were basically given IQ tests, and, I got a scholarship to University College School in Hampstead. Where everything was paid. I mean, uniforms, books, school lunches, everything.

You have two siblings, is that right?

Yah, a brother who went to the same school, and a daughter – sorry, a… [laughter] A sister.

Sister.

Who became a graphic designer. My brother became…

She became a graphic designer?

She did. My brother became an architect.

Right.

Yah.

Right. So, the atmosphere at home, was it academic, or…?

Not at all, no. Both my parents had left school at fourteen.

Really? Uh-huh.

My mother… My father told me… I can only remember three things he told me in life really. We had very few conversations. The first was, do well in your exams, because your mother likes it. [laughter] The second was, your face is your fortune. And the third was, it doesn't matter what you know, it's who you know, [laughter] And those, those were his… Which for the times might have been…

A very wise man he was.

…very wise actually, yes. [laughter] And he told me, if he had to live his life again he would have done exactly the same. He had had a very happy life.

I should think being a piano tuner was rather a happy life, wasn't it?

Yes. He toured the stately homes four times a year, so he was… [laughs]

Right. And always in work I would think.

He was, yes. Yes.

[1:03:57]
Indeed. Where did you go to school?

Well I went to the primary school, Church of England school, till I was eleven, and then to UCS, eleven to, until eighteen. And that was really, a huge shock. I, at the

primary school I had been either first or second in the class the whole time. There were 50 to a class. And there were some very poor kids there. Then I went to UCS, 20 to a class, many of them chauffeur-driven to school, maids at home. [laughs] I looked at this, and thought, wait a minute, this is… [laughs] No, it was a big shock actually.

Mm.

And I was learning Latin, Greek and French, so there as quite a big division between my parents and myself. And I was really on my own from eleven. I mean they had no influence. Well they did in the sense of, they were moral and upright people, and… But I didn't have any, they didn't have any influence on what I did, what I studied, and so on. So.

Did that give you sort of, any impetus to achieve, do you think, that experience?

Oh, I think I, I saw very clearly that, many of the things that I liked, or thought I'd like, required money. So I thought, it's the money. So I, my first job was at thirteen, where I, I did posters [inaud] local newsagent shop window, and then I painted signs for the neighbours, you know, to hang above their doors, with the number on. And I just started working.

Ah, so you were an entrepreneur from an early age.

A mini-entrepreneur. [laughter]

[1:05:44]
Then you went to study electronic engineering.

Electronic engineering at University College. Yup.

At University College, indeed. What attracted you about electronic engineering?

Well, we had a garden shed which I took over at, eleven or twelve, and, in those days you could buy ex-war department electronics very cheaply.

Oh right.

In, mostly in Lisle[?] Street, shop after shop selling it. So I used to go up there and, I just, I was fascinated by things working in ways you couldn't fathom or see when they weren't mechanical.

Did you build radios or…?

Mm. So I built crystal sets. I wired my crystal set into a friend's house three doors away, and I bought a generator so that I could phone him and… Lisle[?] Street was interesting, because I went round there as an eleven- or twelve-year-old, and ladies in fur coats would come up and say, [laughs] 'Do you fancy a good time love?' And I didn't know what was going on. [laughter] That was Lisle[?] Street's main claim to fame.

Oh, well, that's a, an experience which perhaps doesn't turn up on your CV. [laughter]

No.

OK.

So anyway, that, that's where my interest in electronics came from. And there was no other, there was nothing else in mind. I didn't want to be an architect or an artist. So, that's what drove me to UCL.

Mm. I see from your note here, you weren't impressed by the quality of teaching at UCL.

Well it was mainly people standing up and scribbling on a board and you copied it down in your book and went home. Most of them hadn't published anything, so there were no books to read.

Right.

And, many of them you couldn't hear properly. It was, actually, I look back on it, it was pretty unimpressive.

[1:07:36]
Mm. OK. Perhaps we can now pick up your career again. You've been running this tiny, tiny little company, basically yourself, Pearce and Associates.

Oh, Pearce and Associates, yup.

And now you make a huge career, at least it seems to me, a huge career change to become Chief Executive of a firm of accountants, Casson Beckman.

Yup.

What was all that about?

Well, I hadn't really expected to do that. What I… They were my accountants. They had been my accountants for years.

Oh I see. Mm.

And, one day they said, 'We are going to get a new computer system and can you tell us which one we should get?' And I said, 'Well I'm completely out of touch now with all the technical details,' after all, the relational database has been invented since my time. [laughs]

All of that, yes. Mm.

And, so I said, 'If you'd like, I'll sit in on meetings to see how you make decisions.' Because I could see there was a lot of sort of chaos really.

Mhm.

So I did that. And then the managing partner said, 'Well look, you obviously know a lot more about management than I do. Could you advise me?' Because like most professional firms, which I found out a lot more about later, you stay in the firm and you rise up in the ranks, and, if you stay there long enough you may become managing partner, or even the senior partner. And, no training, of any sort, for management. And, you know, by chance you might be good at it or you might not. And even if you're good at it, you might not have long enough in the role to, you know, really polish your skills. So, after a while, I think I advised him for four or five months, I remember once walking around the office with him, and saying afterwards, 'Do you ever praise people?' He said, 'They know they're being praised when I'm not kicking their arses.' [laughter] That was the attitude. Anyway, he said, 'Look, you know, we, we need someone to run this place. Why don't you do it?' So, I said, 'Look, I'm not Jewish,' they were about 80 per cent Jewish, 'I'm not an accountant, and I don't play golf.' He said, 'Boy, that's why we need you.' [laughter] So I was flattered by this, you know, I thought, accounting, it's very like consulting; nothing like the complexities of international software products. I'll just go in there, a few deft moves, and I'll bring the whole thing… And, I had underestimated. This appealed to my ego, I was the only chief executive of an accounting firm in London, that was how I was billed, and I thought, great, you know, this is my swan song, I'll go out having shown them how to organise accounting firms. [laughs] And, I made two errors. First of all, I didn't really understand partnerships. I thought I was chief executive, I, you know, could do the things that chief executives normally do. But in a partnership I couldn't hire the partners, I couldn't say who should be hired, one of my great strengths I always felt,. Secondly, I couldn't say who should be fired. And I couldn't say what their annual points, or their profit share, was going to be. Because that was decided by all the partners together. So I was actually, from the beginning, I didn't realise it, emasculated.

Right.

So that make it extraordinarily difficult.

Mm.

Second point was, I had been used to the IT industry with young, bright people, always growing. So, a tremendously enthusiastic culture basically. We can do things, we can make it happen.

Yes.

And, the culture there was very very dark. It was just, [laughs] you went in the morning and it was, like this. [laughs] So I realised I was, I was up against it. You know, even if I had put those two things on one side, they were behind the times in many ways, so there was a real change management[?] job to be done anyway, but with the partnership model against you, and the culture against you. And I, I, after two years I had, I thought, persuaded the three senior people either to go on a quarter time or half time so that the young people could come forward and we could actually do things with it, and they had agreed, and then we had a partners' meeting to approve it, and they all reneged. [laughs] And so I said, 'I'm off.' It's the only time I left somewhere.

Were you responsible for putting in the computer systems there, in the time you were working there?

No no. I mean they, they, we tweaked and changed the systems, but we didn't have any major change actually. There were other issues. Like how to persuade partners to collect the outstanding work in progress, [laughs] which was a major problem.

[1:12:32]
So you left and again became Pearce Associates?

Yup. And then… Oh well in '83 I had got divorced, which was a huge shock to my system actually, that was a massive…

Must have been.

And, you know, I thought I had done all the right things, and we had all the right toys, but, my wife said, 'I wanted your time, not your money.' [laughs] And so, that was a huge shock. I remarried in, in '86, and, my second wife is South African. Didn't particularly like London. Didn't like the weather. And thought the Brits were a bit stuffy. So, at that point, I agreed to go abroad, and we went to America, in '91. So, I had thought I was retiring then really. I mean I did, I did some consulting. We went to live in Santa Fe, which about 50,000 people, and nothing happens there in my sort of, area. So I was travelling to California and London to do consulting work, just to keep, keep busy as it were.

Mm. Just yourself?

Yup.

And selling yourself by word of mouth, or by, what means?

Yes. I mean I was… Yah. I mean I, people who I was consulting with in London were people I knew before, and, in California I had met someone who was an entrepreneur, and we became and still are very good friends, and he had a company he had invested in in Pleasanton which was in trouble, so I went out and became chairman there. And, helped turn that around.

[1:14:25]
Mm. OK. OK. And, how long did you do that for?

Well that was until, '94. In '92, I was still at that time Chairman of Datafit, which was a small company formed by two ex-Hoskyns people, and they had initially developed a relational database management system that sat on a micro. Which was a, it was novel, and that's all they could afford anyway. [laughs] So they were quite bold. And then they developed QAB, which was a question and answer programming language. So it was a 4GL set of tools basically. And, they had got money from

Baronsmead, and Baronsmead wanted an external, separate chairman, so that's what I became. And then, in '92 Baronsmead said they wanted to get out. I think they were backed by Barclays and they had invested in a lot of companies, mainly software but had got nowhere, and Barclays were getting a bit tired of it all. So, Ali Athar, who was an ex-IBM, I think systems engineering manager, ran a company called, still does, called ITIM, and I bought Baronsmead up. So we became the majority shareholders in Datafit.

Right.

And, and we thought, based on their products, with a bit of muscle from, from us, we could actually get Datafit motoring. Oh happy thought. [laughs] It didn't motor much.

Didn't work? Oh dear.

However, two things came together. One was that, we had a very bright technical director called Tony Montgomery-Smith, who was involved in the early days of the Hoskyns systems management product, and, at the same time JavaBeans came out, which was an object-oriented, compiler I suppose.

Mm.

And he saw that that could really transform what could be done on an inexpensive till, cash, you know, retail till, called a register in America. And we had the software that would allow us to, with a very small footprint, sit on those and do a great deal. I mean one of the problems that big retailers had was how to download overnight changes in prices or changes in systems. And you know, normally you, you sent disks by post and hope that the store manager could deal with it, which often they couldn't. So, it, that's what fortunately came out of that particular time, and we realised we needed more capital to invest in that and to market it. So I raised, I think it was 1.3 million, thereabouts, from Trinity. And, in ninety… That was in '94. And finally they said, 'OK, you can have the money as long as you come back from America and run it,' which was the last thing I wanted to do. But anyway. I was, I had invested a

considerable sum of money in Datafit, as had Ali Athar. And so I came back. And, stayed with it for, I think nearly two years, hired a new managing director, and we launched ourselves into the States with BeanStore, we called the Java product. And, at that point, it was clear it needed further investment, but we had a letter of intent from IBM India, Europe, Middle East and Africa, and we had twelve retailers in America who wanted to get away from Microsoft and had agreed they would back us if we launched the product there. So I took those two gems to three venture capitalists in Boston, and I was nearly there when IBM Raleigh, where all the products are developed for IBM, scotched the deal, and Microsoft got wind of this and said we're… And they went round. So, big forces came to bear on us.

Mm.

They said, how on earth can you think of using software from this little 30-man company in London? [laughs] And that did the trick. So, we were out of funds basically, and had to sell the company to PCMS. And, the product, it was just basically too early. It was installed in Waitrose, John Lewis, Walgreens, and ended extremely well. But, probably, four or five years later. Too soon to market. [laughs]

[1:19:26]
Too soon indeed. Yes. From 2001, until now, again Pearce Associates.

Yes. In, that was in South Africa. And…

What kind… Is that basically you, or is it…?

Well I had a partner there, there were two of us, and, a 34-year-old who had formed his own company, done quite well, and we decided we would, we needed to help… Mine was mainly pro bono, small IT companies in South Africa. I thought I had gone there, or, was there, I was going to be God's gift to small IT companies. And, I had, you know, the thing is, they need to grow, they need venture capital, and they'll go off into the sunset. But, nearly all of them were lifestyle companies, there was virtually no venture capital. So, the idea that I was going to help them raise money, you know, shape them, help them raise money, and help them off, simply didn't work. In talking

to them, I realised that most of them were, techies, they had come out of university, they had a software idea; they had never worked with a large company, so they weren't house trained in terms of systems and how to behave with large companies or whatever. [laughs] And, their management infrastructure was usually appalling, and had no idea about finance or marketing. You know, the classic picture.

Yes.

So, I agreed with Jaco Delport, my partner, that we would set up a mentoring service using people who had succeeded in business, ideally in IT, not that there were many of them, on a voluntary basis, and they would give time on a structured basis to ten IT companies. And we raised money from a government-backed incubator in Cape Town. And, that went very well, and then we produced a complete mentoring system, and, did it for 20 companies. Then we presented to the Western Cape Government, but, I was male, I was white, and I was grey-haired. No money.

Didn't work. [laughter] Oh dear.

So that, that was a pity really. And so, we've put a lot into that, and mentoring really does work. I mean I, I looked at the mentoring service run in New Zealand, because it, it was set up by my son-in-law's grandfather, and they have 1300 mentors, you know. And you know, SCORE in America at that time had 13,000 mentors. And, I could see that it would make an enormous difference, particularly to people who had no other background but their technical experience.

[1:22:20]
Well exactly. Mm. OK. Looking back over your career, are there individuals who have been particularly important, particularly influential, mentors if you like, or…?

Mm. [pause] Virtually no input from, in a positive sense, Lucas, Smiths, and then CDL, and, IBM, it was just people generally, rather than one individual. John Hoskyns had enormous influence really. He was the senior partner in a way, and then we became, it was more a, a question of equals. But, yah, I mean I learnt more from him than almost, all the others put together. [laughs] And then, later on… No, no

one. Because I was running the companies basically. But I worked with some outstanding individuals, I wouldn't say, they didn't mentor me in a sort of formal sense but I learnt a great from in various ways, and they learnt from me. And, one of the joys of the business is that they are still good friends, and as I mentioned on the sound bite, we go to the Pescatori twice a year and have a, a good lunch. [laughs]

And these are all people from…

1960, and early Seventies. 20 to 25 of them.

Right. Well… [laughter]

It's like an old army, old regiment dinner. [laughs]

[1:24:03]
It sounds like it. Again looking back. What would you see as your major triumphs if you like?

Trials, or triumphs?

Tri… [laughs] We'll come to the trials later.

Oh right.

No, triumphs. Triumphs.

Triumphs. [pause] Well I, I think recognising the importance of, of this and all the systems that went around it, because that was, that was a thread that really went through my IT time, and had a huge influence on Hoskyns and derivatives of Hoskyns actually. Now that regally comes back to the engineering process view of life and learning curves and so on. [pause] As you mentioned earlier, just a huge number of lucky events that happened, but I suppose you can look back and say that of anyone's life, good or bad. [pause] I think, I think really, the whole time at Hoskyns was, I

look back on that as being hugely influential, fun, not all the time but fun, and, a great success. You know, I wouldn't put it in any other terms really.

[1:25:16]
Mm. Do you regret your move from Hoskyns, so you have regret your move from Hoskyns?

Well I often think that if we, if we had stayed on, we'd be as rich as [inaud] in that sense [laughs], but, I don't think… I think we, we gave it, in a sense, our best years. I think we were not people who wanted to sit on 4,000 people and, you know, and run the systems that that requires, and, all the politicking and so on. And we weren't cut out, at least I wasn't cut out for that. So I see myself essentially as, someone who really enjoys getting behind a new idea, raising the money for it, because that's a particular art form, how you do that, how you… Most people think that venture capitalists are all the same, but actually, they're like prospects, you have to find out about them, which projects have they invested in, which are going well, how many have they invested, are they near the end of their life, are they going to get a second round, and whatever. There's a lot to find out about them. So that's a very interesting game, which we were very good at. And then, finding the people that can really lift it off, and helping them in that very early, emergent sculpting sort of phase where, you know, you put in a three-year forecast, the unpredictable complex [inaud] systems, so forth, forecast of what's going to happen. And you know in your heart of hearts, you don't know what's going to happen. Something could happen next week, IBM announces [inaud] or, whatever. And, and finding a way through that. Keeping faith with your people, keeping faith with the banker, and hoping that somewhere a gleam of light will appear in the market, and not five years too late, that you can go into and then grow. I mean it's, it's a, a hugely risky business.

Mm.

And, if, if you really understand that at the beginning, or tell people that, they probably wouldn't do it.

[1:27:11]

No, true enough. What would you count as your biggest mistakes?

Mistakes? [pause] Says he pausing for a long time. [laughter] Well the NEB was too grandiose really, in its, in its conception.

Well that wasn't your mistake. I mean…

Mm?

That wasn't your mistake.

No it wasn't. I mean I designed Insac.

Yes.

I mean they said to me, you know, welcomed me with open arms, with lots of money, and I, as I said earlier, I think there was a certain amount of sibling rivalry with, John had gone off and I thought, right, now I'll show I can do it on my own, and something big and amazing. But also, having a flaky banker who was politically unstable was a major error. I suppose if I had known more about the world I suppose I could have seen that coming, and, I wouldn't have done it. I mean, there were some very interesting times there, I learnt a lot, both about myself and [laughs], and a bigger world than I had seen in Hoskyns. So I'd say that was a mistake.

Mm.

Casson Beckman was certainly a mistake, in terms of not really thinking through the implications of a partnership, and not really getting my mind around the enormous power of a defective culture. Put it the other way, enormous downside of the bank culture. [laughter]

[1:28:37]
Just going back to the NEB. I mean that was very controversial at the time, and it was a controversial plank in the Labour Government's industrial plans.

Yup. Absolutely.

Do you think it was a bad idea?

[pause] No, I, I think, there was… You've got to remember, there was no venture capital in those days.

True.

I mean the fact that we found Schroders to put up some money, and then American Express in… None of the other companies had done that at the time. Mainly because they weren't in products, and products needed capital. Computer services doesn't need capital, as long as you're sensible. I mean, you know, manpower [inaud] consulting, or body-shopping or whatever, systems development. So, I think they were filling a gap at one level, but they didn't design it on the basis that, there's no venture capital; how should we come in and provide venture capital for UK companies? Now bear in mind, UK companies weren't knocking on anyone's door looking for capital. [laughs] So, it's not as if there was a hole in the market in that sense.

Mm.

No, I think if there had been more time, and time was of… I mean the fact there were big questions being asked in the House regularly, about the Labour Government, votes of no confidence, so the NEB, the people at the top, were trying to dig, dig themselves in, so that they had a structure and a job. And they could show to the people who were whispering, do away at a stroke, that they were really needed and had to continue. And in those conditions there's a danger you spend too much money too quickly, and I think that, that certainly was, was happening.

[1:30:17]
Mm. What would be your advice to a young person entering the industry today?

[pause] Well…

Or thinking of entering the industry.

I think you, I think you should… The point of entry is, is an interesting one, in terms of, how well you know yourself, right.

Mm.

I didn't know that I would really enjoy doing what I did, I had no idea at all. I thought I was going to be a systems engineering manager in IBM after a year or two, you know, and that was it. I hadn't got aspirations to do something else. So I think, to assume that someone, a) at that age, 21 or 20-whatever age they are, knows themselves well enough psychologically to know where they'll fit well, you know, are they analytical style nerds who really don't want to be bothered with people, or are they, you know, big picture [inaud] extroverts who want to go out there and…? Well I suppose you can, you can know roughly. Most people don't look at themselves in that way, I don't think, and say, OK, therefore, where am I going to fit? Because the psychological fit is, probably more than 50 per cent at the end of the day.

Yes. Mm. Indeed.

So, I think the, I would say, see if you can, you know, establish who you are. Because not much of that profile changes over your lifetime in my experience. You don't become a raving introvert if you're a great sailing extrovert [laughs], and vice versa. A sporting style person doesn't become a nasty manager.

Mm.

So, knowing yourself, and accepting that you will have to make several moves to find out where you fit. I think it's, it's impossible to say exactly where you're going to fit. And having the nerve, the guts to say, OK, this isn't for me, now I'm going to try something else. Now obviously that's easy to say when there are lots of jobs around,

and, you have that sort of freedom. Which certainly we did in my day. Much more difficult now I imagine.

[1:32:28]

Yes. In the early days of Hoskyns, did you have a vision of how the future would develop in the industry?

Yah, I mean we, we were pretty clear that because of the increasing costs of people and the reducing costs of hardware, in those days even, software products, people were going to be very short, and the inefficiencies of developing computer systems were enormous. It took usually one or two years to go from a spec to a realised system, and by which time the user had either left or said, that's not what I wanted. The business has changed, or I didn't ask understand that's what I told you. So I mean, that, that was a huge problem.

Yes.

So we were very interested in any tools that would reduce the cost and timescale of getting a system live and increase its reliability and maintainability, those were big issues at the time. And if you look around at the moment, and look at big system after big system that goes over budget, is late, or doesn't even work, it's still a, not a, you know, not good.

Mm. Mm.

So there's, there's huge scope for finding ways of going from a description of what you want to the working system, that's always been a, an issue. People have been nibbling away at it for years in various ways. But essentially it's a design problem.

[1:33:51]
Mm. How do you see the future of the industry?

Well to be honest, I've been out of, out of, certainly out of the UK, and out of thinking morning, noon and night about IT quite frankly. I went on a sort of personal

journey as a sort of, third stage of my life, looking inwards, really. And, that's been, been more important than, than worrying about where the IT industry is going. I do think there are serious problems arising as a result of its proliferation, and particularly with the Internet, if you look at cybercrime and cyber warfare, and, as I see it, the enormous waste of time of Facebook and Twitter and, and those types of systems. And, and just a series of areas where the IT promise is, was, great, but it's had all sorts of unintended consequences, which we, we haven't dealt with yet. And they're going to need quite a lot of, a lot of effort. They're moral, ethical problems, many of them.

[1:35:04]
We've covered quite a lot of ground. I wonder, is there anything that I haven't asked about that, again, would be useful, would be useful to people studying this industry in a few years' time, looking for lessons?

Oh I thought you were going to ask me about the future [laughs], at my age.

No, I was thinking about, a historian in 2030 who is trying to write a thesis about the computer industry in these years.

Yah. Well the biggest, the biggest change, and really, in a way I was behind that particular curve, has been the take-up of the Internet, and all that that has entailed. And, so, I am not really of that era. And, I can see that developing in ways we haven't, we haven't dreamed of yet, with many of these consequent social and political issues in tow. I don't think that the issues about launching and running small companies have changed. I think they're exactly the same. They're people problems by and large. Fundraising is always an issue. It changes at the edges, but that issue is there.

[1:36:33]
Are you confident about Britain's role in the international IT industry?

Well again, I'm not being evasive, but I, I haven't lived here for 24 years, so, I think that the creativity of the Brits is still well up there, and, I can't see why if we, we

apply ourselves we can't, we can't continue to be successful. I don't see any downturn in what we've been doing. So, I don't think I can be more helpful on that one for you.

I think that's probably a good point to end. John, thank you very much indeed.

Thank you, it's been very interesting.

[End of Interview]