Frank Jones

Interviewed by

Richard Sharpe

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In

Stourbridge

Welcome to the Archives of Information Technology where we capture the past and inspire the future. It's Thursday, 11th October 2018 and we are in Stourbridge in the West Midlands. I'm Richard Sharpe and I've been covering information technology since the early 1970s. We're in Stourbridge because Frank Jones, who has over 50 years' experience of the IT sector in the UK and abroad, lives in Stourbridge now. Frank, you're a man from Cumbria, as a boy you were in Cumbria, you went to Workington Grammar School…

Indeed.

…which meant that you passed your eleven-plus.

Indeed, I did.

Was that easy?

I don't recall it being easy, but the primary school I went to was in the centre of town, I lived right in the centre of the town in Workington because my parents ran a, what was called a commercial hotel in those days, because it was really a pub but it had rooms that what they used to call reps stayed in, travelling representatives, which don't exist now, of course, but in those days they did. And so yeah, I had the capacity to do a little bit of work.

What did your parents give you, in retrospect?

Well, in retrospect they gave me, because I was brought up in that sort of environment, hotel environment, the ability to meet people and treat everybody very similarly, or without embarrassment, even though I was relatively introverted at that time and we didn't have any money. I actually acted as though we did have a lot of money, because we were in that sort of- my grandfather was a significant person in the town. He had three daughters, each of whom had a pub hotel. Workington has a population of 30,000 people, so it's not very big and he was a director of the local rugby league team, etc. And I'm named after him.

So you understood hospitality.

So I understood hospitality, and meeting different people all the time. I didn't live in a house. I never lived in a house until I was sort of- I was sixteen when we came out of there, so I had two years living in a house and then I went to university.

[0:02:27]
Right. You got nine O levels and four A levels, what particularly subjects were you interested in?

Well, it was a new subject at the time, which was economics, which I did at A level and got my best mark in. And then I did economics at university, at Liverpool.

Liverpool University?

Yeah.

Was this the first time you'd lived away from home?

Yes, indeed. Lived at home the whole time and then, I mean for us, Liverpool was the deep south. It's 140 miles south of Workington, so it was a long way down. I did have an offer for the London School of Economics but I didn't quite get high enough grades. And I wasn't too disappointed at not going to live in Tooting, I think it was, the digs that were offered.

This was from 1964 to '67.

Yeah, I was at Liverpool, yeah. Which is a lively time to be in Liverpool.

I would have thought so, yes, yeah.

However, I did manage to do enough work to get a degree.

You did get a degree?

I did, yes.

[0:03:23]
And then what did you do?

Then I joined a fine company called International Computers and Tabulators – I've put ICL on the thing – but it was in fact ICT, briefly.

You were too young to do National Service?

I was, yeah. Fortunately.

Fortunately, okay. So you joined International Computers and Tabulators.

International Computers and Tabulators in September '67 in their graduate intake, and it was a classic way, because Workington was founded on iron and steel, it had an integrated iron and steel works. So I went to the graduate intake, did the thing, and they said oh, you're from Workington, we'll send you to Sheffield to look after the steel companies. So I was immediately posted to Sheffield, post-intake, in the sales office there, because they'd just, the steel companies had just been nationalised but they'd done a big sale to United Steels.

And you were then selling mainframes to them were you?

Mainframes. And that was the fortunate part, because the steel companies, the area was a steel and a coal area, the steel company and the National Coal Board, which was a big company at that time as well, were at the large end of the ICL commercial range. So instead of working at the small end of the things I was at the large end and getting involved in what was then the forefront of technology.

This was the 1900 range?

Yes indeed, yeah. 1904s and sixes. And they were running the latest operating systems and introducing George 3 and things like that.

Plenty of tape decks?

Oh yes, lots of tape.

Paper tape, paper cards.

Paper tapes, yeah. And introducing, and I can remember touring round the north of England, round the Coal Board, introducing exchangeable disk stores, who stored the magnificent amount of eight megabytes on these exchangeable disks. And then they came in at the sixteen and 32 megabytes on the disk, which was fascinating.

[0:05:21]
What was the training like at ICT at that time?

The graduate intake was very good. I mean (a) they taught you how to program in assembler, PLAN, as it was then. I have to be honest, I wasn't a great programmer. And as somebody once said when I was running SEMA, if you'd been a great programmer you might still be doing it [laughs], instead of doing this. So I was sort of eighteen months in Sheffield and then they moved me down to Cannock, when I came to the Midlands in 1970 to look after the Coal Board. The Coal Board was a big purchaser then and was fifty-fifty IBM and ICL, but they insisted that both suppliers keep people on site at their headquarters at Cannock. All the ICL computers were in the north of England all the IBM computers were in Cannock and the south. So I had to look after computers - did a lot of miles in those days – in Doncaster, Gateshead, Edinburgh and near Manchester.

So what were they using their computing for? Presumably payroll?

Well, yeah. I remember one of the main magazines at the time was called 'Data Processing', and that's what we did. It was data processing, serial data processing. And the payroll, but of course the payroll for the Coal Board in those days was very large. But payroll and various other administration – it was administration, nothing clever or anything compared to what people do now. Because you didn't have, even, you know, the introduction of disks for direct access to records as opposed to serial tapes. But our job was really just to humour the customer, keep him happy and sell him some more computers. I was in the sales side and that was one of the reasons I left actually, after two years, because I realised I was never going to be successful unless I was going to be a salesman, and I didn't want to be a salesman. And a man I used to work with in Sheffield had moved into the Midland to a company called Duport, which was what was a fashionable thing in the seventies, called a conglomerate, and asked me to join him at the centre as a data group, group data processing adviser.

[0:07:37]
Was IBM pushing into your customers then?

Not really. In the steel and- not really, because it was a split. It was very political at that time, if you remember. ICL was formed by the merger of ICT and English Electric Leo Marconi, which is another great name for a company, and those two merged to form ICL. And so yeah, IBM had the dominant position in that time but ICL had the, if you like, was home-grown support, because it was government sponsored, the merger.

What was the culture like in ICL at that time?

Well, the culture, I mean you've got to remember, I was only twenty-one, twenty-two, and therefore my culture- and I was, from the beginning I was on site at customers, so I never actually worked out of the main ICL offices like Putney Bridge, at Putney or anything. I mean I was very briefly in the Sheffield office, but then they immediately sent me out to Samuel Fox to help write their order processing system. So I couldn't really say what the culture was like. We were a bit chippy really against IBM, because IBM were successful in the broader market. But it was still, we felt we had a very good product and it worked, which was always helpful.

Very helpful. You spent two years there and you went to Duport.

Duport, which people always used to get confused with Dupont.

Indeed.

Which is an American company. And Duport is a short, abbreviation of a place called Dudley Port, which is a Midlands town near the Black Country, I think it's fair to say. And Duport, as I say, was a conglomerate. It was famous for Vono beds and Slumberland beds, Swish curtain track. But it also was an engineering company, made steering gears and oil pumps for cars and Rolls-Royces, and kitchen cabinets. So the big advantage of that was two things: (a) I got to deal with lots of different industries, and (b) after a couple of years, they all had small computers, about five or six of them dotted round the group, all of them wanted to grow, so I started the cycle that went on for the next twenty, thirty years of centralising, decentralising. We put a proposal forward to the board to centralise it, instead of them all upgrading, just having one big one at the centre and supplying a service to the group. That got accepted.

[0:10:24]
What were your plans based on, whose products?

They were ICL products because they were all using ICL.

Okay. So it's ICL products.

They were all ICL products, so we…

You were going to build a big data centre of twenty 900 machines – sorry, not twenty 900… 1900 machines.

I think it was the 4A we originally had, 1900 4A, I think we originally had, and then twenty 900. So we were ICL. Mainly because I came from ICL and my colleague had also been at ICL and they inherently had those things at the centre. But the big advantage of Duport was, because it was a conglomerate, the only way it knew how to allocate resources was through finance, so instead of making us an overhead at the centre, they created a company called Duport Computer Services Limited and created a board, and we did monthly management accounts from the beginning, we were expected to charge for our services. And the companies weren't forced to use us. They started off using us, but they weren't forced to use us. And we had a classic example, a company called Burmans, who the finance director was a bit independent and decided to take his business away and take it elsewhere. The company subsequently sold that group and he immediately brought the business back to us when he wasn't part of the group, as a point of principle. He just didn't want to use a central service. And a lot of central services companies at the time suffered from that overhead of head office, you know, you're an overhead and we have to use you and therefore you're hopeless.

[0:11:57]
Right, but that wasn't so with Duport.

No, it wasn't, because we charged…

So it taught you to look after the customer, presumably?

It taught us to be customer-focussed and it taught me very early on about running a business and the key issues and the factors and the cash flow, cash management. We were expected to make the same return as the other businesses. Because that's the way conglomerates run.

Right. And you were still running classic mainframe data processing applications?

Yeah, yeah, absolutely.

Were any of them interactive yet?

Well, yeah. We got into interactive fairly early in the seventies, mid to late seventies, with VDUs. I mean we were, because we had an integrated- Duport was the largest steel producer that didn't get nationalised. So they nationalised the top twelve companies, and we were the thirteenth. And so we had a steel manufacturing plant in Llanelli and a rolling plant that rolled bars in just near where we were in the Midlands, and then a place in Sheffield. And we developed systems to track the work from Wales to the Midlands and onwards. So we brought in a tracking system, so we had a dispatching and stock control system in Llanelli and in transit to some which received the stuff. So it was, even though we were not in the forefront, it was quite advanced and we were early on a VDU user. We were probably one of the earliest people to put VDUs out in our factory that were ruggedised and on weighbridges, so we used to have two huge gentlemen receive steel there. And they were our best reference, because we made their job easier. If you make people's job easier, they'll take to computers very quickly. And I used to hammer my software development people and say, you can design the most beautiful software systems in the world, but if the users won't use it, it won't work. You've got to get them on your side and they've got to see the benefits of what we're doing.

How did you ensure that?

Well, because we spent a lot of time working with them and developing them, (a) to make sure the system did deliver benefits, because otherwise you were struggling, and then spent a lot of time doing education and training so they saw the benefits. And as I say, our two best references we used to take everybody to were these two huge guys in the weighbridge at London Works Steel receiving big steel lorries full of billets and do everything online. And they used to say, we only have to do this now because all the stuff's on the screen and we don't have to write- we used to have to write it all out before, now it's all there and all we have to do is put the weight in. And it was great.

[0:14:46]
That's good. So you started off there as a group data processing adviser, which was your title.   And so you're advising them on…

That was before we formed the company.

Before you formed the company?

And then we formed the company. And as I went through the various things, at the time I was put in charge of operations because I was the only person who'd seen a computer operate as big as a 4A, at the steel companies and the Coal Board. So I was in charge of computer operations and then subsequently I took in charge of development and sales. So I did all three jobs, and then became managing director.

Right. How many people were in the company?

At that time, probably only 70 to 100. And it was over quite a long period of time and then we struggled a little bit in 1981 when MacGregor came into the steel area. Our biggest company was the steel side, customer, I should say. And of course MacGregor, Thatcher put MacGregor in to sort the steel industry out, so he just dropped the prices, so that their losses went up from 600 million to 900 million and the taxpayer paid, and our profits went from 30 million to minus 30 and we had to give the company to British Steel, in the end. So we as a centralised part, the group had two choices, either close- and they backed us to bring in business from outside, which is why actually we changed to having 85% outside the group and then we acquired a couple of other small companies, very small, but fill it out a bit.

You're operating now as a pretty classic bureau, as it was called at the time.

Yeah, it was a bureau, exactly. Our major competitors at that time in the Midlands were ACT, which subsequently became Apricot, and then back to ACT. And other bureaus. In fact, as people said, it goes full circle, all this stuff, they now call it a Cloud, you know, but it was an online bureau then. But the thing that's changed apart from the technology, is the communications, which gives you the whole thing. Communication was fairly basic in those days.

[0:17:06]
And what you would have coming in would be documents to be punched up and/or paper tape, and/or cards, and/or magnetic tape?

No, we moved into online.

But you were online as well.

Oh yeah, through the seventies we went online. All that stuff was really early seventies. We got into online very early.

And again, this was on the back, was it, of ICL's technology?

Yeah, it was all ICL technology. Yeah, we didn't change and we went to 2900s and VME and all the traumas of that.

That was a rough time for ICL.

It was. And we were – and you used the word bureau – and we got involved at the top of ICL with some of the problems we had. Because, as they said, look, what you're doing with these computers, which was really stretching them and the operating system, is much more than normal users do, because they normally are just doing one or two things, and you're doing the full multi-programming, stretching, sweating the assets and running it like 75-80% capacity, whereas most run at 30% capacity. So yeah, it was good. But, you know, it was a bit traumatic when we went through all that. But then there came an opportunity in the eighties, because Duport was being taken over, we knew that, and we'd got ourselves into London Transport, taking over some of their ICL work, and it was at the time of privatisations and everything, and we created this thing which was a buy-out privatisation merger type thing in 1986, called Data Networks. Which Duport and London Transport kept a shareholding in, but the directors and the staff had 40%.

You helped negotiate that?

Yes, indeed, yeah. Instrumental was myself and one other guy, negotiated it.

[0:19:03]
What was the idea behind that?

Well, our idea was to make money.

Right. But you let you the staff in as well?

We had to take the staff. We gave the staff the opportunity, all the staff had the opportunity to buy shares, up to two and a half thousand pounds' worth, and if they offered that we gave them a loan to buy another two and a half thousand. So the company loaned them money to double their investment. And they all made money. So getting staff involvement, top to bottom, was very important from the beginning.

This seems to be one of your themes.

Well, you know…

You get the user involvement, you get the staff involvement.

Well, I used to say to people, when I was running a very large company, I'm only as good as the staff that work for me because I personally can't do all this work that we're doing, and therefore I have to have a good, I have to have a really good team and one of my other phrases was that A class people employ A class people. Because they're not frightened of them and they know they need them, whereas B class people employ C class people because they're frightened of them. And that was one of the reasons, I think, we grew the company so successfully, because you've got to have really good people, and motivated people.

[0:20:20]
You grew the business from original ten million pound turnover to £120 million.

Yeah. Well, you see, one of the things we learnt, and this is a thing I haven't touched on, is that we got into very early – and this is a little bit in parallel with Hoskyns, because I've known Geoff Unwin forever – you know, we got into outsourcing early in this country and one of the things we realised is, people only outsource a business to you they know you can absorb. And our rule of thumb was like 10% of your turnover, our turnover, they wouldn't give us any more than that, so therefore that limited how big you could grow. So after we'd bought the company out and got rid of

Duport, because Williams Holdings bought it and brought in private equity, we were then approached by EDS and we didn't want to be taken over by EDS.

EDS, the American company?

Yeah. EDS…

Run by Ross Perot?

That's the one.

Did you meet him?

No. No, no, we were approached by the London end.

What was the London end like?

Well, we didn't get that close to them because we rejected the bid because we, the directors, said we didn't want to be part of EDS. But I then approached…

Why didn't you?

Because we wanted more control. I then approached Barney Gibbens at CAP and they were interested at that time, they were quoted, and in the end CAP acquired us, in 1987. And we got absorbed into the CAP business because they wanted to…

1997?

No, '87.

'87, okay.

'87. CAP. We were only independent for twelve months. That's why we were very popular with the staff, they made money fairly quickly. [laughs]

Oh I see, yeah, I get it. Yeah, yeah, yeah.

And the reason we wanted to get bigger was, you see CAP were then turning over 120 million, so as we were part of that deal we could then do much bigger deals than we could as a 12 million turnover business.

Right, because your rule of thumb was…

Ten per cent.

Ten per cent, yeah. No customer is bigger than ten per cent of our turnover.

It wasn't our rule of thumb, it was what the customers wouldn't, you know, if I'm going to outsource a ten million pound contract to a company that's only turning over ten million, I feel nervous. We were negotiating with finance directors. Outsourcing is a finance concept. So it came to fruition very quickly, we signed a deal, I signed a deal with a company that everybody had heard of, called Massey Ferguson, which was headquartered in Toronto, their two data centres were in Birmingham and Peterborough, Perkins Engines and Massey Ferguson, and they had centralised themselves already and were close to doing a deal with Andersen Consulting, or Accenture as it became, and I managed to persuade them to come to us instead. I'd never have done that if we'd just been independent, but because we were part of CAP they did it. And that was like a 50 million pound deal, not a year, ten million a year for five years.

[0:23:42]
Let's just sort out the different CAPs, shall we? Because there are…

Well, the next bit of the thing will explain all that, because CAP, which stood for Computer Analysts and Programmers, was a quoted company on the London Stock Exchange, developed and built by Barney Gibbens and Mike Smith and John Chisholm and they took over the people from BP, the scientific side.

Scicon?

Scicon. That's the word I was trying to think of. And what happened was, the year after CAP bought us, because they paid us on an earn-out, so they paid so much money upfront and then so much money depending on the profits the next three years. I became MD of that company fairly quickly. For a short term the lady from London Transport was MD, but that didn't work. But, they merged, CAP merged the next year with SEMA, a French company of a similar size, but they wanted to keep the London quote, right? They'd got big French shareholders but weren't quoted on the market. Now that really annoyed the man who owned CAP Gemini Sogeti, whose name escapes me, unfortunately. So they did a hostile acquisition of 27% of the new company shares, right? We dropped the name CAP, to avoid the confusion of CAP Gemini Sogeti, and took the name SEMA. So we're on the London market, with a French name, SEMA. In the first year of operation, CAP didn't meet any of its forecast numbers that it did, quoted when they did the merger. So, Barney Gibbens left, Mike Smith left and the French took over. And to quote John Chisholm at the time, he said to me, you seem to be the only guy in step with the French, Frank – French Frank, that was an unintended pun – and I said yeah, well that was because I was brought up to focus on running a business profitably and worth and cash flow and you guys were all techies, and really good techies. And through a boom in the eighties, everybody can make money, when you're techies. But that CAP Gemini 27% - which may have got to 29, after 30 they had to make a bid – stopped us growing for a number of years, because it took away, well, two things happened. The people who sold them the shares were the English investors, because that's what English investors do, capitalise short term, and the people that didn't sell them the shares were the large French shareholders, which was Paribas.

Looking for the long-term investment.

Looking for the long term, Paribas, and France Télécom. So there was actually only a free-flow of shares, maybe with the twenty… at maybe fifteen, 20%. So the share price went nowhere.

You can't float on that, can you?

Well, we were there.

You floated, but I mean…

We couldn't raise money, we couldn't do anything. But the problem was, CAP Gemini had paid quite a lot of money for the shares and the shares weren't going up, so they wouldn't sell and show a loss. So that stayed like that for quite a while, but I mean – I'll come on to the acquisitions we made, which is how we grew – we made the first acquisition of Sweden from the Swedish government in '92, which didn't cost a lot of money. It was a big acquisition, that again, that was strategic from their viewpoint. But we couldn't really do a great deal until we got the share price and everything up until the mid-nineties, '95, where CAP Gemini could sell without it impacting their balance sheet. I mean they didn't make any money, but they got their money back, so there was no negative on the balance sheet. So we got them out of the way and…

[0:28:12]
So this was a classic, to you, lesson about the difference between investors in the City of London and industrial investors on the Continent?

Absolutely.

The long term, Continent, we'll stick with you. City of London, quick turn round.

Absolutely. London is short-term investment. The only guy who stuck with us was Cinven, who was a big investor, although they had to sell eventually. But Robin Hall from Cinven stayed on the board, and er.. But that was the thing, Paribas said we're in for the long term and they were in it for the long term, and stuck with it, made a lot of money. But, so we then- but because of that through the nineties, I mean you asked the question about CAP, that resolved the CAP thing, we were called SEMA. But the Stock, the London market didn't understand us, (a) we had a French chief exec, we appointed an English finance director, but the finance was done all in France. I was running the UK from '92, but, you know, as far as the stock market was concerned, we were a French, we were this unknown company, not a lot of trade. And similarly with the, if you like, the computing press didn't really understand us either. So we just got on with running the business. As I say, the Swedish acquisition was excellent because we bought that off the Swedish government and buying business off governments is good business, shall I say.

Because?

Because you can get them at a very good price.

They don't understand the value of what they've got?

Correct. And they're selling for different reasons. Well, in fairness, they may understand, but they're selling- so the Swedish government was selling because they wanted another competitor in the market.

I see.

So they wouldn't sell, EDS were already there, CAP Gemini were already there, and they wouldn't really sell to them because they didn't want to make somebody bigger, they wanted another entrant to the market.

Right. And so '92, '93 you acquired business from the Swedish government, 1,500 staff.

All over Sweden, offices everywhere.

And £150 million.

And profitable.

Thank you very much.

I wouldn't dare tell you what the PE was we paid, because it's almost obscene. But we grew it very well and it was, but it was - they're great people, the Swedes – but we had lots of offices because Sweden's a big country.

It's a big country and also it's a very different country politically and socially.

Absolutely.

[0:30:53]
This must be stretching now the ability of your management to understand different cultures.

No, because the management was me.

Okay.

We had a very simple system in SEMA. If you sponsored the business plan to the board, you delivered it. Nobody else. So I sponsored the business plan, put the thing through with the finance director and the chief exec said, okay Frank, go do it. So all I did was remove the top man from – there were three companies in Sweden – removed the man who was above them all and replace him with me. I appointed a guy to run the UK and I got to understand a very different culture. Very interesting culture, Sweden, because although they're a socialist, open society, one of the companies we had held the population database and Sweden has a, everybody's got a number that identifies them. I remember trying to convince Michael Howard we should have it in this country. Like your NHS number but it covers everything; it's on your bank and insurance. So when you move home you move everything, so you tell, you just tell one person, which was us, and we changed everything. But we were able to sell that information to private companies. And I'm saying, I can't understand this, why would a government allow you to do this, for us to profit, and they said well, they believe in openness, everybody's open, everything, you know, all the discussions we had on the takeover were public. And it's just full of anomalies because, you know, it's a socialist thing. I said, saying it's a socialist state, you've all got two cars, a holiday home on the archipelago, and a very nice lifestyle. I don't understand how it all works, and I'm an economist, you know. But it does, it does.

It does. And it was a business that worked for you.

It worked extremely well for a long time, yeah. A long time.

[0:33:01]
You also grew organically by winning other people's business rather than just taking it over, in Germany for instance you had an outsourcing deal with a bank, £35 million, 250 staff.

BauBoden Bank, yeah, in Frankfurt, and it was…

And a German company…

The business was based in Hamburg.

A German company would let a British-run company with a French name run its IT, and it's a bank!

Well, because it was like an IT business itself, it's slightly different. The business was running already other people's business. It wasn't the core banking business that it was running. And BauBoden Bank was a bit like the French equivalent of Crédit Agricole, it was a farmers' banking thing. And they'd got into, they'd created their own, if you like, IT business. So it wasn't taking over the bank's business. I know what you're saying about that, and I can come back on to that, but it's really a digression. But, they were heavily unionised but hardworking, and I got into understanding workers' councils and *Betriebsrat* and things like that. So I had a great education, understanding different cultures in different parts of the world and how it all worked very differently.

[0:34:32]
Because one year later you make an acquisition in Spain, or business?

No, we didn't buy anything in Spain, no.

No, sorry, I meant in the sense of you get business in Spain.

We got business in Spain. Oh, we got business in Spain on the back of our Olympics deal in Barcelona, but SEMA was big in Spain.

Okay, already.

In systems development. When SEMA merged with CAP, it was a French business with a big Spanish subsidiary. So they had a big name in Spain. And in fact, our chairman was Spanish. An ex-minister of finance. So we had a good position in Spain. But Spain didn't take off as much as- they were a little more reluctant, and also it went through a bit of a downturn. The biggest change was when we bought the Italian company from Olivetti. Olivetti needed cash, it was shrinking, and it was one of our best acquisitions we ever made. And it was that acquisition, we got the share price up but we were able to do a rights issue, and that was when CAP Gemini went. And that's when the company changed quite dramatically. For two reasons: (a) it freed the shareholding up, secondly, it was a great company because they were international people again, it was a bureau for Olivetti. In Ivrea in northern Italy, but they were incredibly hardworking, the northern Italians are industrious. And they were internationally minded, because they worked for Olivetti, alright? So, it was a great acquisition and very successful. And it worked very well until Olivetti then shrank and shrank.

Olivetti had made a lot of money, obviously by being the Italian computer company, but also then internationally by being one of the premier IBM PC clone companies…

Absolutely, yeah.

… and made a lot of money there. But now it was going through rough times it needed some cash and you bought the business. Seven hundred or so people.

Yeah, yeah.

Now, the Italian culture as well. You're saying this wasn't necessarily an Italian culture, you're saying this was already an international one, because it was Olivetti.

Yeah, it was. The top management were, obviously.

Top management?

Yeah, and they were really international.

De Benedetti?

Yeah.

You dealt with him?

No, no, not with him. We dealt with the – I'm trying to think… over a period of time, their chief executives used to change every six months at that time, after De Benedetti had gone. And they only lasted like two or three years because they then wanted to sell the company, close the company down and get out of the company. Part of the deal, of course, that we did with them was that they signed a five-year contract with us, at a very attractive rate to us, to process all their work. But we negotiated our way out of that, satisfactorily to them, and they moved on and we kept the business in Italy.

[0:37:42]
You also had an outsourcing contract with Standard Chartered Bank.

Yeah.

And that's where you went to Asia in '96. A real international operation now, you're into Asia, deeply into the different cultures in Europe.

Again, that was a very interesting thing, we beat IBM and EDS to that. A thing which I led personally. But which was done as a deliberate part of our geographic expansion. And we treated it like an acquisition rather than an outsourcing deal. It wasn't a company that we treated like an acquisition. And used- because they were in Hong Kong, Singapore, Kuala Lumpur, we had three bases in which to grow other business in Asia. So I put a guy out there to run it that I trusted, it was one of those things. We already had a small business in Singapore, in software, selling credit card software. So we had contacts out there as well, but Standard Chartered Bank gave us - and it was a long-term business – lots of outsourcing contracts there with companies that were declining. Standard Chartered Bank was growing, and growing fast, and it grew phenomenally. And in fact I still think Atos still runs Standard Chartered Bank, twenty-odd years later.

Nothing in the US?

I could come on to that now, if you want?

Do.

[0:39:15]
We had nothing in the US for a very simple reason. Paribas controlled more than 25% of our shares. Therefore in America we were classified as a bank.

Okay.

They had an act at that time called the Glass-Steagall Act, which meant you couldn't trade from one state to another if you were a bank. We weren't a bank, obviously, we were an IT company. So we couldn't acquire any businesses in America because of the Glass-Steagall Act. We spent a lot of money on lawyers in Washington and a lot of money. In the end, we gave up with the lawyers, because they said they had to… and they changed the shareholding. They went below controlling interest. They did a deal with France Télécom which changed the way it did and that enabled us to acquire, but it delayed us getting into- it was a big problem for us in the late nineties. Because all the City are saying why aren't you in America. And we're saying, well, we have an issue which has got nothing to do with us, but we have an issue. So we changed the shareholding to do it and I spent a lot of time with other people at the top of the company looking for appropriate businesses in America. In the end we bought a company called LHS, because we were into telephone customer care and billing and they were the market leader and we were number three. And it was a German company, but quoted on Nasdaq.

Okay.

It's a long story, but…

No, it's fine. Good story.

And that was how we…

Good story.

[0:40:55]
So yeah. The interesting thing about SEMA is, and why, if you like, the stock market never understood it is, a lot of it was dictated about the shareholding. My business, my job, I mean I was number two in SEMA, there was a French chief exec and I ran the English speaking part, which was about 40% of the business and 60% of the profits. And he and I got on extremely well because we were very different. As Geoff Unwin said once, it's a great mix of, you know, the French are great strategists and the British are great pragmatists and you put the two together and you've got a great mix. And we had that, and I think Geoff had that with the French as well. And so he and I got on well. So I was given more and more responsibility to do everything, because as we said, all the things I put forward, I had to run. So that's how I ended up running, you know, a huge part of the business. But as a result of that, you see, I wasn't in the UK very much, right? So I had a man running the UK, I had a man running seven countries, you know. So I just had, you know- it's quite funny really, because I ended up being called Executive Vice-President, and we said, I always remember, we said, Executive Vice-President, in America that means you run four people, you know. And they said, who cares what it means, you know, you're

not a managing director because you've got seven managing directors working for you. And I said, yeah, fine. But we grew the business and the share price, once it got sorted. We were the first, I believe we were the first IT company into the FTSE 100 in '98. In fact, I was reading Richard Holway's tech news recently and it was '98, twenty years in May or June, that we went into the FTSE 100 with an incredible market… And, which enabled us to grow and raise money.

Mm, sure.

And of course the classic was, of course, we, when the dot.com crash came and we crashed with it, because the market, the PEs were ridiculous at that time. Because the one thing we didn't do was anything to do with the dot.com, but we were an IT company.

You were tarred with the same brush.

Yeah. As far as the stock market's concerned, we're an IT company. So the share price collapsed. And equally, part of the problem again was, we were one of the first to issue a profits warning, because the acquisition of LHS had not gone as smoothly, because we had to get a quote on Nasdaq and they played up and it took three months longer, after we'd announced a deal, before we could complete it. We'd made a lot of people very rich and they stopped working. So by the time we got to complete the deal it was August and the French were all on holiday and so we'd announced that the deal would be earnings accretive, and then we had to say, well it won't be this year, but it will be next year. Market crash. So that was November 2000, I think, something like that.

[0:44:16]
But before that you had – not you personally, necessarily – but with the company and lots of other software and service companies were making a large amount of money by scaring the pants off people, saying, ooh, 2000, you know what happens then? There's a millennium bug in there. You'd better start ripping your systems apart and employing…

Well, that brings us on to the British Rail acquisition in ’97.

Well, it was a scam, wasn’t it?

No, no, it wasn’t a scam.

Y2K?

No, it wasn’t a scam. People actually did- no, no, it really wasn’t a scam. People were concerned in the industry and we felt we had to address it. The fact is, because the problem had been recognised early, it was like everything else, large amount of time and effort was devoted by all the companies and all the suppliers to sort it out. It was a problem, but it was solvable. If nobody had started looking at it until September, you know, ’99, we might have had a problem. But people were working on it for three or four years, so the problems were all solved. But that was, when we bought British Rail Business Systems, it was a classic, because every round of bidding, everybody bid less, because of Y2K. Because they’d got a massive amount of old systems and everybody was petrified they’d be unsolvable. So it helped us tremendously.

And you bought them in ’97?

Yeah. In the February.

British Rail Business Systems.

Yeah.

One thousand, one hundred staff. Turnover of 90 million.

Yeah, yeah. And a great acquisition. Because…

But wouldn’t you say though, that Y2K created an awful lot of fear, uncertainty and doubt and quite a bit of it was unnecessary?

Well, I could turn the tables back on you and say that was created by the press, rather than the…

We liked the story.

You liked the story, rather than us. We knew there was a problem that had to be solved. I mean, people took it seriously, Standard Chartered Bank went as far as issuing their key people with telephones, satellite telephones and everything, in case their phone systems went down. I mean, people took it incredibly seriously, it wasn't just the industry. I mean the industry itself, I mean putting all the stories about lifts not working and all the other stuff, it was just, as I say, as far as the IT industry was concerned, we just addressed the problem, went through all the systems that could be affected that were dated and things and of course, then, and now, there are still a huge number of systems running that are very old. And…

I don't remember anybody from the industry coming to me as a journalist at the time saying, well Richard, really it is not as bad as you lot say it's going to be.

No. No, we didn't say that. No, we… well, we were hardly going to stick our head out and say, you know, there's going to be no problems, just in case there was.

Yeah, sure.

You know, it's, you know. Now, the fact that it was a non-event [laughs], was a great relief to everybody, I think.

*So you've been side-*swiped by the dot.com bubble*, by the dot.com process, but you've still got this basic core processing, it's a different type of processing now.*

Well, now we, yeah, we're much more advanced, I mean we did all sorts of things.

You're not any more based on ICL equipment?

No, no, no, we had everything, ICL was neither here nor there. We did every manufacturer, I mean we were an international business, we had more IBM than ICL and digital. I mean we went through the cycles, I ended up at the beginning, you know, centralisation, decentralisation, minis, micros, you know. As far as we were concerned, as long as it's change, you know, it's business for us. I mean, if you're in the IT business supply, the one thing you don't want is stability, you want change. So, as long as things are changing and the technology changing, then there's business. And we did – I haven't touched on it – but we did a huge amount of business for the British government as part of their privatisation and outsourcing stuff. And we, yeah, it- we were doing all sorts of things by then, we were all things to all men and it was very difficult to describe what we did, because we did everything and, you know, we were a huge business. But the fact is, coming back to before the crash, when you've got a large PE, people forget, and you are, the huge pressure it puts on the company to perform and deliver. And whereas when we used to do budgeting, we used to do bottom-up budgeting, and then come up with a plan for next year, once you've got high vision within the FTSE, it's top-down budgeting. The share price dictates you've got to grow 25% next year. Profits and turnover. So that's your start point. Now, when you're turning over 200 million, when you're then turning over 1.2 billion, it's a bit more of a challenge, you know. And it applies now to all the same people doing the same thing, where their PE is… And that's one of the links that put the challenges in and of course, as soon as you have a hiccup and you're not going to grow 25%, the share price collapses. So we then got – is there anything else? But we acquired Schlumberger in 2001.

[0:50:21]
Right. Tell us about Schlumberger.

Right. Well, Schlumberger, we were in talks with Schlumberger. Schlumberger wanted to do a 25% investment in the company, and then they found they could get the company for the same price. [laughs] So they bought it. Nobody ever understood why they bought it, but there was a very logical sensible reason, right? Euan Baird, the chief exec of Schlumberger was a fantastic guy and it was a fantastic company, but very different from SEMA. But his logic was very simple. They were an oil services company, but also an IT company, but their core business was a thing called wireline. Schlumberger brothers invented wireline in 1926. Wireline is the idea of putting an electrical impulse down a well and it will tell you what the geology is. Sounds simple. In 2000 they still had 75% market share, right? Why? They never sold the product. You had to buy the service. Brilliant. I used to say to him and wind him up, you're just like people who make fruit machines, you can't buy a fruit machine, you can only rent them. Because it only costs a thousand pounds to make a fruit machine, it makes that much a month, you know. So you can't buy 'em. And it was the same with them. But what they wanted to do, you see, because it was a batch processing system. To do it, you had to stop drilling. They wanted real time well management you could do while they were still drilling. Now, this was never explained properly to the press, because Schlumberger hated the press more than SEMA, right? But that was the logic and they chose us because in France we'd done the command and control systems for nuclear power plants. The last four nuclear power plants built in France, the command and control systems were done by SEMA. In the UK, we had a defence business, which I haven't touched on because it was nothing to do with me, but we had a defence business that did the command and control systems for nuclear submarines, which we then sold to BAE. But the technology and the expertise of real time, which is as far away from data processing as you can even think about, because we bought a company called Yarg in the mid-eighties as well, and that's how we got into all the naval bit. So, we had, as far as they were concerned, the technology. And the second reason was, and this is why Euan was right all along, but again, short-term market pressures screwed him, he wanted something that wasn't a long-term growth business, but wasn't tied to the oil cycle, because the oil business is cyclical. Now, they were the market leaders worldwide, but when the industry goes down, you go down. So he wanted the part of the business that was significant that was growing that was not linked to… So there were two reasons he bought it. He never explained that to the press, the oil press or the shareholder press, particularly because he wasn't that sort of guy. He was from Aberdeen. Schlumberger is a fascinating company, I could do another two hours on Schlumberger, because it's one of these companies, it was, it was quoted in New York, everybody thought it was a French company, it was run by a Brit and Euan was succeeded by another Brit, Andrew, and it was the first transnational company I ever met. Of the top 50 people in the company, they had twenty-odd nationalities. And Euan used to say, I don't believe any country's got a monopoly on intelligence. So they had links to all the best universities in every country in the world, picked the best people, paid them a lot of money, and then drove them hard, and it was up and out. So you made it by you were thirty or you were out. And they just focussed on youth to drive the business, intelligent youth. Fascinating company. Fascinating. We never got to know all that because shortly what happened, because (a) they bought the business at the same time as the market crash, and the second thing about them was, the mobile telephone thing crashed, which was we bought LHS. And I couldn't understand it, again, taking the short-term businesses, we stopped investing in that, even though it was obvious, it was like BT selling Cellnet [laughs], you know. Inexplicable. And we sold LHS business back to the guy who developed it and I'm going, why would you pull out of mobile phones? I mean, who thinks they're going away in 2000. So, Schlumberger was, so their share price crashed because our results didn't deliver, right, so and then Euan had to retire because he got to 65. Andrew took over and he had a once in a lifetime chance to say, "it wasn't my idea". He was totally [inaud] but new chief exec, not my idea, we're out of here. So he sold it to Atos, which was ironic, because we could have bought Atos in 1997 and if it hadn't been for the French politics- the downside of the long-term French investment, France Télécom wouldn't – you can't write this down – France Télécom wouldn't authorise the acquisition of Atos because Paribas were a shareholder. Otherwise we'd have bought Atos in '98 and the whole world would have been different.

Significant, eh?

We would also have bought Logica as well, that was another thing.

Was it up for sale?

[0:56:44]
Yeah. We could have bought Logica. We were very close.

You were going to?

Yeah, yeah.

And why didn't you?

Because it would have made UK substantially bigger than France.

Ah. And the French were not going to have that.

No. But the guy's name who ran it at the time was a great guy, and he spoke fluent French and, you know, the deal was he would become the group chief exec and Pierre would become chairman. And it was a long way down there, and it would have been a good deal. But…

What would Logica have brought that you didn't have?

In the UK they'd got a better reputation for systems development than we had in the UK. See, one of the things, and one of the reasons I got to the top was because I was known as Mr Outsourcing, I was always responsible for outsourcing globally. And also, because Pierre being intelligent, spotted that outsourcing was an alternative to acquisitions. Because you grew the business in big lumps with big deals and, you know, it was capital, used capital but not to the same extent as acquisitions, you didn't have to pay a PE. And so, you know, I became the engine of growth. And we had an IT business over here, but they were – which was successful and good – but they were always, I think in their market size, second fiddle to Logica.

In terms of systems development?

Yeah, systems development, yeah. Logica didn't do outsourcing. They tried to get into it later but they didn't do it. And it's a mentality thing. It's like, you know, when IBM started to get, and BT, into outsourcing, but if people don't understand it, which is very dangerous because they make silly bids. And again, we used to discuss with CAP Gemini and say, we don't mind competing against you because we know you know what you're doing, you know you know what we're doing, so we win some and we lose some. It's when these other people who don't know what they're doing bid, anything can happen. And they've got deep enough pockets to lose.

[0:59:05]

So you were Mr Outsourcing. It got a terrible name, outsourcing, did it not?

Only later.

Right. And why later – sorry, not why later – why did it get such a bad name?

Well, you see, in the beginning outsourcing delivered everything it promised, which was to save people 25 to 30%. The deal was to the finance director and to give the finance director back control of his IT department. Because he'd lost control because he didn't understand the IT director. However, he did understand how to negotiate contracts and how to beat up his supplier. Where it got a bad name was when it got more difficult, was whenever they introduced the people who then made the money were the consultants. So they paid a lot of consultants to come in, to tell them what to do, make all the savings they could, and then try to outsource it. And then micro-manage it. So, in the end, there wasn't money to be made there. I mean business is about making money, it's got to be a win-win.   You've got to save money here, you've got to win money there. And because they'd made all the savings and spent all the money with the consultants, and then micro-manage it, the savings weren't achieved. And the other part, and the classic one I'll quote you a thing on outsourcing, like the PFI. Not PFI – yeah, Private Financial Industry – got a bad name, and it's all to do with people just sneaking parts of it. Part of the deal with British Rail was the revenue allocation system. I never knew about this. When it was British Rail, the revenue was allocated around all the regions, regardless of where you bought the ticket. Because, unlike getting on to a plane, you haven't got a boarding card. You buy a ticket to go from London to Birmingham, or London to Glasgow, you can go any way you want, in the early days. So they used to do revenue allocation, and that continued. And there was a thing at the centre that administered all this. And the new system and the algorithms were designed by, I think PWC or something. So they wanted a brand new system, so they came to us and said, we want you to write a total new system, right, free of charge, and we'll give you a seventeen-year contract to run the system where you'd get your money back. So we spend five million upfront and get our money back over seventeen years. So what happens, you know, you do it and after three or four years somebody comes and says, you're paying a lot of money for this service, and they say, yeah, we are, aren't we. Because the guy who did the deal on the other side wasn't there any more. Why are they paying all this money? Well, it's because you didn't spend the five million pound upfront, and they did. And people get dissatisfied. And that's what PFI's all about. The supplier spends all the money upfront, not the government. But he has to recover it over the life of the contract. I mean, they don't do it for nothing, but everybody forgets about what they spent upfront and the fact that they- I mean, because I can remember bidding for PFI contracts in IT and saying, why are we doing this? The government can borrow money cheaper than us. And it was just to get it off their balance sheet. And the other reason outsourcing got a bad name, which to go back to Standard Chartered Bank, which was a very successful contract, but lots of the users didn't think so. That's because all the benefits were taken at the centre of the company. So Standard Chartered Bank in London thought it was a great contract, because they'd saved a fortune. They hadn't changed what they were charging their internal users. So we're delivering a service and the customers are saying, well, we haven't saved any money. I said, can you speak to the group finance director, he's got it all. So, you get involved, when it gets big, you get involved in internal company politics, and you ask why outsourcing gets a bad name, and you get involved in government politics, because it's a big thing. And people forget where you started from on long-term contracts. So, that's…

[1:03:46]
No, sure. You moved then to Hogg Robinson.

Well, I agreed, I… to retire, take early retirement from there. And then I, one of the things I got involved in heavily was final salary pensions, because I was chairman – it's not politically correct now – but then I was chairman of the company pension scheme, even though I was a top executive. And the reason that was true, because I knew how much money was involved, from both sides, right?

Yes.

We never took advantage of it, but I just wanted to keep an eye on what it really was. So I knew all about it, I knew Hogg Robinson because they did our corporate travel and our pensions advice and they were looking for somebody to run their pensions business. On a two-year like window.   I was 57 and I just took the three years. So they brought me in to do a strategy, sell it. I put forward my strategy, which was to sell part of it and turn the other one round and make it more profitable before they sold it, but they wanted the money quicker to invest in corporate finance. Because the stock market, it was Permira, they had taken it private, and of course the stock market didn't understand Hogg Robinson either. So Permira took it private, and they decided they wanted to be corporate finance – sorry – corporate travel, not corporate finance. Corporate travel people. So I was brought in to sort out the pensions and sell it. They had an inflated idea of what the business was worth, because the main business had just lost a big contract to Capita for the government. Paymaster was the privatised – sorry – the privatisation of the office of the Paymaster General, right, which was one of the main companies. And it had the government payroll contract, pension payroll contract, which it lost before I got there. So it needed turning round and sorting out. Which could be done, I brought in a new managing director and we were on track to do it, but they wanted the money now. So they sold it to – and again, they wanted to do it quickly. It was interesting learning the different things between quoted and private equity. Private equity said we want this deal done in three months and we want this much money. And I said, it's not going to happen. Because we want a trade sale. I said, you'll never get a trade sale done in that thing, because the person that's going to buy this on a trade sale are going to be international businesses and it takes them longer to do that to get through their processes, their internal processes. So they said, no, no, no. Issued this invitation to bid, and the only people who bid were private equity companies. [laughs] Because they were the only people who'd got people sitting there doing nothing else. I said, you've got to understand these businesses on a trade sale are running a business as well. So they sold it to Duke Street Capital for a lot less than they thought it was worth. And I agreed with Duke Street Capital that, the idea was a trade sale and I would leave, that I would hand over, help them find a chief exec and leave at that time, which I did.

Which you did.

And then I made a mistake of agreeing to be chairman of their pension trustees. Which I did for a further ten years.

[1:07:18]

As you go through being in these different roles into a fully-fledged businessman from being an IT specialist and an IT executive, you also got a wider and wider view of what was going on in the industry. You became an adviser or certain boards and also you became non-executive director of Ovum.

Yeah.

Which was an industry analysis company for IT and telecommunications sector, interesting company.

Fascinating, yeah.

What was your interest there?

Well, because the chairman, I knew Stephen Dawson, used to work for ECI. And they were changing their business model from one-off to contracted revenue. And they knew I knew about contracted revenue, or what you would call outsourcing, and it needed a culture change. So I was brought on the board specifically because of my knowledge about how do you run a contracted revenue business, because to change – it's like a software house – to change from selling software at a big number every time to software as a service, there's a big hiccup in between, because you don't get the big software sales, but you get revenues for a number of years, but in the changeover there's a big issue. So that was why I was brought on the board, apart from my knowledge of the industry. But equally of course, what happened was, I went on the board in 2000 and the market crashed at the same time, just as they'd raised more money to grow. And I do remember, yeah… And they had a great management team. But management teams that are geared up to a growth plan- I always remember having a meeting with the chief exec and we told him he had to reduce, you know, the numbers of people because the revenue had dropped dramatically. He thought he was reducing the number of people from his budget, which was a growth budget. And I said, you're misunderstanding here, you're reducing the number of people absolutely, because your revenue's reducing absolutely, not just from a… But they got through it.

Hard to manage that.

Very difficult. And especially in a small, friendly company like that, very difficult. But you run out of cash if you don't do it. As I said, I sent him an email saying once, to continue to recruit into a declining market would, as Sir Humphrey said, be very courageous. [laughs]

And it's something you don't want to be labelled with, as being courageous.

You don't, no.

If anybody says that to you in business, you know you're making a mistake.

You're in trouble.

Yes, you're in big trouble.

And he listened and he was a great guy and we turned it round and we got into contracted revenue, and then it was floated on AIM.

[1:10:18]
And that gave you an insight into the telecoms sector and IT sector that you didn't otherwise have, working with these people at Ovum?

Yes and no. I mean I never got- I was a non-executive director, I wasn't involved with the business. I supported the acquisition of Holway, which was a good acquisition from both people's sides. You know, but in the end, you know, the real growth engine needed to be in America and they couldn't quite pull that off.

Yeah. Well, not with the Gartners and all those people there.

Yeah. It was difficult. And so in the end we put it on AIM and then they sold to Datamonitor – was it Datamonitor?

Yeah.

Yeah.

[1:11:06]
You also became chairman of InforSense.

InforSense, yeah, which…

Now, this is a spinout from Imperial College, specialising in information and business analytics.

Yeah, it was a different thing again, but I was brought in, the guy that was founder and chief exec was a gentleman called Yi-Ke Guo, who was a wonderful man. And they brought me in specifically – it was a very small company at the time, turning over a few hundred thousand – but it had raised a lot of money, as people did at those times, and they needed to grow the business quite dramatically and they wanted, in a business sense, rather than- I wasn't brought in there for my IT sense, he'd got all the IT knowledge. I mean he was still a professor at Imperial while he was doing this job. But I was brought in to do that and it was very successful for a while, but it could never grow as fast – again, we got involved with private equity investors – and they wanted it to grow faster than Yi-Ke was willing to let it grow, for two reasons, and I found this also with another company that's not on there, Alliantist, which I became chairman of as well. When you've got a founder, they're very, very reluctant to delegate, and the reason they're reluctant to delegate is because the people who they're recruiting are not as good as them, right? I used to explain this to Yi-Ke, there's nobody as good as you, Yi-Ke, but you're already working sixteen hours a day, how are you going to grow the business any more? You need more people who are nearly as good as you and, you know, you're not as good at business development as some people and you're not as good at, you know, this as other people. And so the people who were in charge, founder things, become the reason for the initial growth and then the reason it stops growing.

It's the same reason.

It's the same reason. Yeah, it's the same reason.

Mm, it's them.

It's them. I then thought I'd got a deal with him, and it's a bit like this famous thing from understanding, dealing with Asians is that when they nod you think they're meaning they agree, it means, I understand. It doesn't mean I agree. I got the deal with him that we'd employ a sales director and a new finance director, because the finance director was too young and immature. And he would work with them for a year or eighteen months and then we would decide who to make chief exec. Because I said, there's no point appointing a chief exec you can't work with, because this guy's not going anywhere, he's the company. And I thought I'd got agreement to do that, and then he got cold feet and they did it in the end, but they wasted twelve to eighteen months and missed the window of opportunity.

In this type of business you only have twelve to eighteen months sometimes, as a spinout from an academic…

Well, I had, but they'd got really supportive people who believed in Yi-Ke and the product, which was a great product, and they kept topping it up, which made it worse. And in the end they sold it, I resigned or they asked me to resign, and they sold it, maybe – John O'Connell took over, who I'd brought on to the board, on the grounds that A class people employ A class people. And John and I worked well together, but they decided, they decided I'd gone native. Because I always ask them, when I become chairman I say, what is it you want from the chairman. I'd gone native, you're supporting Yi-Ke and listening to him too much, you're not telling him what to do. Anyway, they sold it eighteen months later for a pittance.   It's still going, as part of a slightly larger group, but… But I took chairmanship of another company, called Alliantist, who did the exactly the same. Great software, great guy, founder. He was going to raise, in 2007 before the crash, a lot of money and he wanted me as chairman. Went on as chairman, the market crashed. His expectations, the money he was raising, that somebody had given him were ridiculous, which I told him. But at that time people were giving away ridiculous money. There were people, hedge funds, I found out there were hedge funds who were throwing two million, three million pounds at companies just as a speculative bet, with nothing to support it as a business, other than it looked like a good product, etc. Anyway, he was the same problem. The company's still going very well, it'll never grow, because he won't delegate. And I told him ten times, in the end I said, I'm resigning. I can't do this any more.

[1:16:22]
Fifty years…

I know, it's a long time.

… you've been on this process, yes? Over 50 years now. So, Mr Frank Jones, what are the biggest mistakes you have made in your over 50-year career?

I don't think we've got long enough, really. But, because I don't think you can get everything right, you've just to get more things right than you get wrong. And people who've never made any mistakes have never made any decisions, because you really, you know, especially when you're running a large business, you're going to make huge numbers of mistakes. Obviously, they vary in degree. And you've got to get the big decisions right, as well as- it's not a numbers thing, you've got to get the big things right. And I was fortunate in that I got most of the big decisions right. I don't know, the mistakes I made I guess were probably, when I started running multinational part of the business, I probably trusted the people in the UK that were with me and had grown up with me more than I should have. But it was because I knew them and it was easy, I knew the strengths and weaknesses and when I wasn't there all the time, it was easy to do that. And it worked, but it could have worked better, if I'd brought the right people in. Equally, if I'd brought the wrong people in it would have been worse, so, you know, looking back on decisions you're never sure which are the right or wrong things because you can't freeze things at a point in time.

I mean I remember one, I was brought back by the UK MD to talk to his main management and sales meeting one time. And we were very successful at the time and one of the senior guys said, Frank, can't we just stop and take a breath, you know, we've won all this business, you know, why don't we just ease back and, you know, not grow. And I said to him, you talk like we're operating in a vacuum here. There are lots of other people competing with us and if we sit back and take a breath, you know, they'll take our business, you know, it's not an option to stand still. You can't… When I was at Duport I met the group chief exec and he said, it's not an option in a business to stand still. You're either growing or you're shrinking. In fact, if you're standing still, you're shrinking. So, I sometimes think maybe I should have brought in sooner more people from outside. But then, you know, in the past when I've recruited people from outside, you know, it's very difficult recruiting people at the senior level.

[1:19:34]
Can you fire people?

Yes, I have done a lot of that, yes, unfortunately. If people don't deliver I do fire them. And I remember the guy I fired who ran Paymaster when I went to Hogg Robinson, and this was typical of a board who left the problem somewhere else. And I'd only been there three weeks and I said, I'm sorry, this guy's got to go, he can't run this business. And they said, oh, you're right, you're right. I said, what do you mean, I'm right? You gave him the job, not me. [laughs] And you promoted the wrong guy, because he was there. The previous chief exec had left and they took an easy thing of promoting somebody internally. I said, it's not his fault. You gave him a job he couldn't do. So you've got to fire him extremely nicely. Which they did, in fairness. But, you know, that's part of the problem, people get promoted – the Peter Principle, you know – to the level of incompetence. And it's not always easy to spot that in advance and…

[1:20:46]
If you were addressing young people today, what would you say to them about entering this industry, where should they enter it, how should they enter it?

I think you're probably asking the wrong person, because the industry today is not one I entered and I, you know, I've not been active in the IT industry for a long time. I mean…

Well, technology might be different, they might have different words for it, but fundamentally isn't the business in certain ways much the same?

Well, it is, yes, you're right. I mean software as a service is, you know, is another term for contracted revenue and as I said, you know, the Cloud and thing is another word for online bureau services, and back-up. So yeah, I mean if I was advising, I mean I'd advise anybody to go into the IT industry for the simple reason that as I made the right decision back in 1967 to join it, it's not going to go away. I mean it's going to continue dominating and running our lives for ever and it's going to be the growth industry. So I would strongly recommend people join it. And join it, but choosing the right company to join and the right people, but it comes back to something you hinted on, which is to do with culture. You've got to choose a company, a business that fits your culture, your thinking. And every business culture's different, and that's why lots of takeovers fail, because of the culture differences, which are, you know, which are immense, the way companies run totally different ways, dictated from the top. I mean, that's when I used to say, I dictate the culture of the company, which is, in my business, was to be profitable. I can remember talking to one of my guys who once said, I pointed him to the new job of running a big division, and he said, right Frank, so what's my title? I said, I want you to do the numbers, the budget, hit the budget. And he said, anything else? I said, after we've done the budget and the numbers, we'll think of other things. Because at that time balanced business scorecards were very popular and BP were doing it, who were one of our biggest customers. And he said, well BP do balanced business scorecard. I said, BP don't have to worry about the profit – which they didn't then, they did after the Gulf thing – I said, they can afford to do balanced business scorecards because the profits come in automatically. Right? If I divert all the people in the company to look at balanced business scorecard and profit is only one in ten of the targets, we're in trouble. And it sort of, that was the culture I engendered, not everybody liked it, but that was the culture, people knew I was a numbers guy. Other businesses have totally different sort- what I would say when you're joining a business, the most important thing is to understand the culture of the business and what makes it tick and does that suit you. But certainly I'd encourage anybody to go in the IT industry, I don't know any other industry that's growing. I mean, you know, the famous Moore's law has been outstripped. I mean I actually did a presentation in Brussels to the EU in about 2000, about online commerce, right? Which I wasn't an expert in, and I did some research and did the presentation and the guys all looked at me as though I was an absolutely idiot for the forecasts I was telling them about how much online commerce there was going to be. You know, I was wrong by a factor of a hundred, understating. [laughs] The next five years, never mind the next ten years. Because the rate of growth is just impossible, because it's taking over the way everybody lives and I don't think you'd call it an IT industry any more, it is industry, isn't it?

You said you'd better understand how things tick, and you, by this contribution to the Archives, Frank Jones, have helped us to understand how you tick, which has helped us capture the past and inspire the future. Thank you very much.

My pleasure.

[1:25:10 recording ends]