



Capturing the Past, Inspiring the Future

Richard Christou

Interviewed by

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Welcome to the Archives of Information and Technology. It is Friday the eighth of March 2019 and we're in the City of London at the Worshipful Company of Information Technologists. I'm Richard Sharp and I've been researching and writing about the IT sector since the 1970s. The person making their contribution to the archives today joined in the mid 1970s the IT sector, it's Richard Christou. Richard has a background of three different cultures that he's worked with, which I'm going to question him about, and hopefully he can contribute some understanding and throw some light on those cultures because he's worked for the telecommunication supply side, and he's worked for ICL as it then was and he's worked extensively for Fujitsu and particularly in the services sector. Richard, you were born where and what were your parents doing?

Well, I was born actually in Preston because I was born in '44 and my mother was evacuated from London where she lived basically all her life. My father is Greek, from Cyprus. He arrived, really before there were any Greeks here back in the twenties, and they met in London and they would have passed their lives in London except for the war. He stopped in London, he was working in some sort of munitions factory, I think, and in the Home Guard, and she went to Leyland in Lancashire which is where I was born. She couldn't stand it. To us, the name Leyland doesn't mean cars, it means a very hard and difficult life, I don't think the evacuees had it easy. So she came back as soon as she could and we lived in London and that's where I was brought up until I was married and went abroad in the sixties. Both my parents are dead, my father made it to a hundred and five, my mother was, I think, about eighty-nine. So they both had quite long lives and were good up to the end which is the main thing. My father, as most people from his background did at that time, he owned and managed restaurants and my mother was really a housewife. I've got a brother and she lived in London and looked after us.

Where did you go to school?

Well, I started ... I have to say in those days the state schools were much better than they are now ... so I went to a standard state primary school at the top of our road and I was lucky enough to get – I can't remember what they're called, county scholarship I think – and I went to what was then a direct grant school as they call them, which

was on the public schools' list in Eltham, Eltham College. From that, we had very good ... in my year in the sixth form, twenty-five of us went to Oxbridge, it was one of the best years we had, and I ended up in Cambridge, basically because I got a place before Christmas and I couldn't be bothered to go to Oxford to do the entrance exam, so I ended up at Trinity College.

And your A levels were in Latin, Greek, Ancient History and Comparative Religion?

Yes, that's correct. I mean originally, back in the day of course, you could do this much more easily than you can nowadays. Greek has fallen out of favour and there are very few, actually, offers of Latin which is a pity because it's an extremely useful language. I took Greek, actually as opposed to German, those were the two choices, obviously from my background, and it's proved useful. When I went up I'd already done a lot of reading in Latin and Greek so I'd read the, what you might call the Classics, the Aeneid, Homer, Horace, all this sort of stuff, and after the first term, it's quite interesting actually, my tutor said to me, 'Oh, you're Christou', he said, 'well, yeah, you're down to get a 2:1 aren't you?', and I thought, well blow that, I wasn't pleased with that. I am quite competitive in those sort of things and I went to a friend of mine, who came from the same school, and he was studying law. So I had a look at his books, wasn't really thinking about it much, but thought I could do this, so when I went home for the Christmas vac, I went down, I sort of thought about it, and when I came back I changed to law.

00:05:05

Did they just allow you to change?

In those days they were much more flexible. I went to see – I don't know if you know the system at Cambridge, you have a tutor ... I don't know whether they still do ... who looks after your kind of moral welfare, nothing to do with teaching, and then you get a Director of Studies who does the teaching, so I went to my tutor and I just said to him, 'I want to change', so he said, 'Well, ok,' and I did very well. I mean, the law suited me and I got my firsts and a college scholarship and prizes and all the rest of it so it was obviously the right choice. They actually wanted me to stop on, after I'd got

the BA, and, you know, I guess in retrospect it wouldn't have been difficult to stop in Cambridge all my life. I knew people who were, say, a year or two ahead of me, one of the guys who was really brilliant as a supervisor, he was Tony Weir, he was still there 'til he died recently, a couple of years ago, and I could have done the same, but I wanted ... It's interesting, what I said was, 'What I'd like to do is, I'd like to get involved in the sort of significant business and I'd like to see the world, and preferably at somebody else's expense rather than my own'. And as you can see, in the end I actually did that so I suppose, from that point of view, it was the right choice. So, one of my tutors, and they were very eminent people at Cambridge ... I mean, unless you're in the law you don't know who they are, but people like Jolowicz, Lauterpacht, Lipstein, Weir, these were people who wrote textbooks ... so they knew people in London in solicitors' offices, and that's how you got in in those days, and I ended up in a firm not very far from here, Stephenson Harwood and Tatham, which was in Saddlers Hall, just in Gutter Lane across the road, and I would probably have stopped there and been a partner and moved on, which is what one did in those days. I mean, it was very, very much easier, you could become a salaried partner before you were thirty. Nowadays, particularly in the large firms, you don't make it on the notepaper 'til you're nearer forty.

What was the thing that really attracted you to law?

Law is a serious discipline in the sense of you need to understand the materials that you're working with but you need to be able to apply them to real life circumstances. So you see the key to the exam .. you get a problem, but you have to know, and it's a lot of memory work too, you have to know a lot of factual stuff, whether it's precedents in cases or statutes, but the real trick is not knowing all that, the real trick is how you apply it to a real-world situation and actually understanding what a precedent means. I'm sounding sort of old and grumpy but, I mean, nowadays people don't do this. You have to be a quite serious barrister before you do this but in the old days solicitors would do it too. Now they're rather more procedural, in my view, than actually analytical, but it's the analysis that makes a good lawyer.

00:08:55

And what was it, was it civil or criminal law that you specialised in?

Well, when you're at Cambridge you have to do a bit of everything but the stuff that interested me was civil law. Criminal law, I always said there's no money in it because your clients usually haven't got any. So you need to work for large clients who pay the bills, to put it absolutely frankly. What I did at Cambridge, I mean law was very, very different the way it was categorised, there was no such thing as employment law, for instance, it was a tiny bit of contract law, so I did contract and tort which is really the guts of it, and then you do conveyancing, land law, which is terribly boring actually, and equity which is more interesting, not just trusts, and equity has developed a lot in the sense of the parallel jurisdiction to common law since I was at Cambridge. We did tax as well. Solicitors have given up tax to the accountants, which I think is a pity, but in my day, when I was articled, we did a lot of tax, a lot of estate duty as it was then, a lot of private client work like that. So, basically commercial contract law and, of course, as you move through your career and things become more specialised, intellectual property comes off of contract law, actually, licensing, but in those days it was just a small part. Now it's a whole practice, employment law. I came in at the ground with employment law when you had the Fair Employment Act '75 and it was a money-spinner for lawyers, the best thing the socialists ever did for us. It's a huge practice, and I spent a lot of time lecturing privately as well to people, so it went down very well. You gradually move in but I ... the practice in STC was very, very general so I did, when I came back, I did a lot of conveyancing, IP, copyright, litigation – I ran some major litigation in-house – so much less specialised than people are nowadays.

Why did you become a solicitor and not go to the Bar?

In those days to go to the Bar, unless you had seriously good connections, was too much of a struggle. So if you look at most of the barristers then, either their fathers were barristers or their uncles were solicitors, that sort of thing. And of course there was no advertising at all, in those days, so I made a commercial choice there, that you were more likely to move up quicker and make a living as a solicitor than a barrister. They used to say that, unless you can live off your own means 'til you're thirty, don't be a barrister, that was the sort of remark in those days.

And so neither of your parents had been to university?

No, I mean, in those days people didn't go to university when they were young unless they were very rich.

You got into Cambridge, you got a double first, later on you did an MA, all in law.

Yes.

You went to the College of Law in London, from '66 to '67, and did your solicitor's final exam there.

Yes.

And then, '67, '69, you did Articles with Stephenson, Harwood in the City of London. And this was again on the civil side?

Well, when you do Articles you have to do everything.

Ok.

But in the end, I found my role in the civil side, particular contract drafting, tort, this sort of thing.

And then you became an assistant solicitor in '69.

Yeah.

But in 1970 you made a bit of a career change?

Well, yes, I mean, I married – my wife's from Cyprus – and we decided to go back. Her parents were quite well off, so it all worked out quite well, but there were difficulties in carrying on a legal career there. When I first went out, I have to say, I

was not very good at modern Greek. That all came later, and I'm now pretty well bilingual, but at the time I would not have been able, although a lot of the stuff in those days was in English, to carry on a career. And the other drawback, which was more serious, was that in order to qualify there you had to have Cypriot nationality. I could have done but if you did it, in those days, you couldn't have double nationality, you had to give up your British passport, and given the political situation there I didn't think that was a good idea. In fact, my wife took out British nationality in Cyprus, shortly after we were married, as one could through the High Commission there. So I went into business. The truth of the matter is, the guy who ran the Coca Cola franchise, his name was Nicos Lanitis who was a very smart guy, he went to Trinity College too, so we were both at the same college and he hired me, quite a bit on the strength of that I think, we got on well together, and he taught me a huge amount about business. And I used the law, I was kind of his in-house legal adviser but also I did administration, and he put me through most of the departments as a trainee, so by the time I'd finished I was running it for him as his General Manager. And that's the sort of experience which most lawyers don't get and it was one of the experiences, I think, which enabled me to make the transition from law to general management. A lot of lawyers try it and, at least in this country, a lot of them fall flat on their faces because it is very, very different if you've never worked in that environment.

00:15:53

And did you have to manage people?

Well you do, I mean, and it's a different way of managing people to the way you manage them in a law firm. Companies in Cyprus were, in those days, much more hierarchical and you had to work out your place in the pecking order and how you actually interrelated with people. And it was when I really learned Greek, when I went to Cyprus. I always used to say my negotiating skills started when I used to buy loads of lemons from the farmers – they pitch up with their lorries and you had to bargain with them, there was no price – and that's when I started to learn how to negotiate.

Buying lemons.

Buying lemons, absolutely.

You've got to start somewhere. You were four years there, and then were you poached or did you decide ...

No, this was ... I would still have been there if it weren't for the Turkish invasion. It was really a very difficult time, I mean, my wife had gone on holiday for a short time to England when it happened, and I was there with our eldest son - well one son in those days - and there was twenty-four hours when we thought we'd had it, and I was lucky and this is why I kept the British passport. The British evacuated British subjects out of Nicosia, which is where we were, very close to the Green Line through the bases, so we came back to London through the bases. After that I went back for a bit, when things quietened down, so I was there on the second push, this time in Limassol, and in the end we spent some time ... we lived in Athens ... six months ... to be honest I didn't want to come back, I mean I'm not a great fan of the English climate and in those days, I can tell you, England was grim in the seventies, absolutely grim. People nowadays don't realise what a real left-wing socialist government can do but we lived through it. You know, thirty-three per cent inflation, 110 per cent top rate of income tax, all sorts of strange things, a very, very difficult time, but we discussed it a lot and thought it was better to come back rather than put up with the tension. My wife had actually been involved in the troubles with Turkey, with Turkish Cypriots in '63, so she was not keen on going back and, frankly, neither was I, so we came back and I looked round. I had an offer from some law firms, to go in as a sort of prospective partner, but I ended up with Standard Telephones and Cables: (a) I thought it was more interesting and (b) it was by far the highest salary so it was a significant salary. In those days, '75, it was seven thousand pounds. It sounds ludicrous now but that was enough to set us up, have a mortgage on a large house in North London which is where we lived for most of our lives. It was a very good move, I was very happy there...

Where did you work?

You know 190 Strand, where the new flats are?

Uhuh.

Well, my office was there, opposite Clement Danes, on the sixth floor.

Right.

A very nice office, it wasn't too bad travelling the Northern Line, we lived in Totteridge and Whetstone, that's where we lived, north London.

So this is 1975, you joined STC which had stood for Standard Telephones and Cables?

Yes.

Which was owned by a very large conglomerate called ITT, which used to be International Telephone and Telegraph.

Yes, that's right.

And that was spun out by the United States Government from Western Electric, which was a manufacturer for AT&T.

That's also true, yes.

So ITT was not to be operating in the United States and so it was then a conglomerate and it remained part of ITT for the next seven years or so.

Until 1982, is when ... well, it was ... even then it still had ITT shares in it, because they started by floating a minority, so it was still largely owned by ITT even then and then, later on, they became diluted down and it became a public company.

Now ITT is an interesting company because it was then fashionable to be a conglomerate, and it was indeed a conglomerate. After a while it owned not only telephones and cables and telecommunications, making telecommunications equipment and doing fundamental research in Harlow, but it also owned hotels, I believe the Sheraton chain...

The Sheraton, yes.

It owned Avis, the car rental company, it had a go at insurance companies, and the trouble with it was this man who ran this conglomerate through money.

Yeah, Harold Geneen.

Harold Geneen.

I knew Harold, I mean he...

What was he like?

He was a typical robber baron. I remember him coming in, he wears the sort of Homburg hat, he's not a very tall guy, surrounded by the entourage, and he would fly in from New York, he ignored time zones, so he operated on New York time wherever he was, and he'd review you, as they do, and then he'd fly off somewhere else. How effective it was I'm not entirely sure, I mean, he worked on the principle that he bought a company and you more or less let them run it, the existing management, unless they really fouled up. So my client, I mean, it was fascinating actually, I had a cosmetic manufacturer, they owned Rimmel in those days, and it was a guy called Kenneth Young who ran a kind of Ash Laboratories Limited. This was patent medicine as we talk about it. He said to me, 'I deal in branding fantasies', a bit like snake oil, but again I learned a lot from him, all the kind of agency and distribution stuff that I learned came from Ken. What else .. they had a frozen pea factory, Northray Foods ... do you know Mavala, the thing that they use to harden nails with for ladies – it was theirs. All sorts of odds and ends, and I had a kind of patch of these people and also the main telecoms business which was based in New

Southgate. The other big one which you've not mentioned is Submarine Cables. There were really, sort of, three submarine cable suppliers in the world and STC was one of them, so a big, big operation, very big contracts, high risk but very profitable.

Near Greenwich?

Yes, that's right, near Greenwich. I'm not sure they're still there but the old cable ships were moored opposite them on the north shore and they were on the south shore.

And you were a legal adviser to this IT conglomerate?

Yes, there were lots of us, not just one, we were about half a dozen. It was also a big patent copyright department which was based in Harlow because they worked with the engineers, obviously, on intellectual property. And there was a company secretarial department as well. So I reported, strictly speaking, to the Company Secretary, a guy called John Valley, an excellent lawyer, very nice person.

And, again, this was just you understanding businesses but also the law, in the civil side, working on, for instance, patents, acquisitions .. were you involved in acquisitions?

Yes, acquisitions and disposals, drafting contracts, resolving various disputes, I was also the expert on employment law and pensions. When I started I knew nothing but the idea was that I would bring myself up to speed, and this is when the Act came in, that we had all the unfair dismissal. So I did a lot of HR work in that area, including representing the company at tribunals which I enjoyed. The trick with this, in corporate work, is lawyers are either regarded as a hindrance or an assistance and always, in my career, the first thing I do is get to know the managers of the company, go and see them. This is a big mistake, corporate lawyers, they tend to sit in their office and expect to counsel their clients and they don't, you have to go to them, spend time with them, get to know them, and then, when they're in trouble they lift up the phone to you. That was really the secret of my success as a lawyer, also because I understood their businesses and I was interested in them.

So, STC was then involved in very big contracts with the GPO for example.

Yes.

With cable laying as well, through international consortia, so these were capital intensive projects, large. STC really didn't have, did it, any consumer face to it?

Well, it did in the sense that it had all these cosmetics and stuff ..

Yes, but in telecoms I mean...

No, no, well... there was no consumer market in telecoms because if you wanted a handset you got it from the GPO. So we made handsets and, of course ... but everything came through the Post Office, as it was, yes.

Harlow was a very successful centre and, I believe, work was done there on pulse code modulation, a classic form of ...

PCM, yep.

...telephone delivery and, also, on fibre optics...

Yes, optical fibres, well there's a great dispute about who invented them but they would say it was there, Harlow.

Right. In 1982 you became not only legal adviser but also the company secretary and, very significantly, at that time STC was independent of ITT and ITT was being dismantled, wasn't it?

Yes, that's right. The successors to Geneen actually were starting to sell off all the stuff from the conglomerate and retain only the telecoms businesses, and there was some big telecoms business in other countries in Europe like Germany, for instance, and France. The idea was to keep STC telecommunications as the whole of the telecommunication supply business and to run it somewhat separately from the rest of

the businesses and they actually spun off some of the other businesses, like the submarine cables, into similar companies. So I ended up, because that had been the area that I was always dealing with, as the company secretary and legal adviser to that. They became semi-independent and I knew the managers there and I worked with them very well. First of all John Smith. Unfortunately, he was actually killed while on holiday in Kenya, he was shot by poachers, very, very tragic. And his successor, John Cottrell, I worked with him for some time. I always, as I've said, felt that you must get close to management otherwise you can't do a proper job as a legal adviser and I worked very closely with them at New Southgate in north London which is where the factory was, I had an office there to keep close to what was going on. Of course, it did create a certain amount of tension because I had a dual reporting, to the managing director of the company and also to the legal director back in the Strand, and the two of them never saw eye to eye, and of course that puts you in a fairly difficult position in the middle and my instincts were always to go with the business rather than the functional reporting line. I think it might just be worth it if I explain to you what went wrong with STC.

Surely.

And it's a mixture of things. The thing you need to remember is that, in 1975 and really up to 1980, 1982, they were working on what were called bulk supply agreements. So there were three telecoms suppliers and the General Post Office would split business between them with no competitive tendering. The basis of the contracts was cost plus, so they didn't have a marketing department, they had a huge accountancy department who worked on the cost investigation side of the issues. Now, actually, this worked very well. STC developed, under a development contract, what was called TXE4 and then TXE4A, and these were the precursors to true electronic exchanges, but they replaced the old electro-mechanical and the step by step. And these were contracts that were let, on a cost investigated basis, so STC did the whole of the development, then each of the three suppliers was allowed to supply but they supplied under the bulk supply agreements, again cost investigative. And it worked very well. They were all well off. You can say that it was uncompetitive and the consumers got a raw deal ... we'll come onto that later ... but from the point of view of the Post Office they got a good product because they could afford to put their

finger into the development and change it, just at cost, and everybody had what was regarded as a very efficient system.

00:31:27

And it was STC and the two others were?

Plessey and GEC.

Plessey and GEC. GEC run by Arnold Weinstock

Yeah, Arnold Weinstock and Plessey by ...

By the Clark brothers.

By the Clark brothers, that's exactly right. It takes me back. Norman Biggs, I knew at Plessey very well, he was their general counsel in those days, and Alvin Painter at GEC. And we were all much more cooperative and knew each other, a very small industry. What happened was Margaret Thatcher, in 1980. Now, I have a great deal of time for Margaret Thatcher and I'm one of her great supporters but the first thing, or one of the first things that she did, was introduce competitive tendering so the bulk supply agreements went out of the window. We were then working on what is called System X, at the beginning of the eighties, which was the first true computer driven exchange although nowadays it's regarded as primitive and I don't think there are very many left. There was a joint development agreement, again on a kind of cost plus basis between the three companies, but everybody knew that when the thing was developed, and it was kind of a cabal, of course, because there were three people plus the Post Office research department at Martlesham with their fingers in it, there would be competitive tendering between the three companies to supply the finished exchange. So what happened, although nobody will tell you this nowadays, is that each company designed its bit to favour its production processes. So instead of designing the best possible exchange they designed an exchange with various parts in it which were the best possible for them. And the thing rapidly went down the drain, and in the end, and this was the turning point, in 1982 TXE4 was subject to

competitive tendering and STC was pushed out of the System X development but they were given a lot of money at the time, something like, I think, fifty, sixty million pounds, a lot of money in those days, and ultimately GEC and Plessey merged their telecommunication businesses, so you had GPT. Now, forgetting what happened to System X, STC was stuck. What it tried to do, under competitive tendering rules and it spent a lot of money on this, was to sell the Post Office, which it was by then, System 12 which was the ITT system. It didn't work, they didn't get it and apart from some transmission work, really, from 82 onwards STC was in serious trouble because it wasn't making money on the TXE4, didn't get a look in at System X, and it didn't sell System 12.

00:34:38

Although the GPO was looking for another exchange, weren't they?

They were looking for another exchange ...

...and then eventually they bought an Ericsson exchange.

They did, the Axe is what they bought.

Yes, which they called System Y.

That's right. But you see, what this did in the end, and we'll come onto this, it destroyed the UK telecom supply industry. GPT basically ended up with Siemens and then kind of disappeared, we're talking further down of course, STC never really recovered from what happened in '82 and they didn't really spend their money wisely so, by 85, and I'd just left at that time before this happened, by '85 the only company that was propping STC up was the submarine cable business and ICL, which they had bought in 1984.

So they buy ... out of the blue, they buy ICL. By now STC is led by a rather larger than life man.

Kenneth Corfield.

Sir, I believe?

Yes.

And he decides, 'Oh, I rather like this integration and convergence between telecommunications and computers, I will make a public bid for ICL' and he buys it in 1984.

Yes, he does.

And with a press conference.

And there was no convergence and I'm not sure there still is quite, but let's be kind to him and say that he was twenty years ahead of his time. They also wasted a lot of money, a lot of the fifty million ended up in buildings in New Southgate. One of them was famous, it was called the God Box, it was this huge square building where all the high-ups had their offices and, actually, I had an office there and it was superb, it was bigger than my living room and I even had a fridge. But, you know, this was not the way to do business. What then happened is that, really, the whole of the STC management team were totally discredited by this. They were propped up by ICL, which was very profitable in those days, and Lord Keith, as Chairman, fired everybody and brought in a new team which we can perhaps talk about in a second. But I think, actually, it was deservedly so because the development of System X was mismanaged and the money that was generated was squandered in various ways. You can argue about buying ICL in terms of investment – as I said, it was propping up the company – but there was no synergy and Rob Wilmot, as it was in those days, was keeping the thing at arms length and Bonfield continued this and, of course, they could do it because the management was afraid, in STC, the successors to Corfield and so on and even Cornfield, were afraid to touch them because they would end up killing the goose that was laying the golden eggs. So that's ...

Were you involved in the contract to take over ICL?

No, this was done by the legal director and Slaughter and May. It was done at such a level that basically nobody inside knew anything about it and I think, really, Slaughter and May are the people who ran it.

Right.

By then, of course, I'd left.

You left in 85...

No, 84, I think, but maybe ... I can't ... it was before the whole thing collapsed. The reason that I left was, when ICL was bought they put the two legal departments together and I thought I should be the legal director. They gave it to a guy called Jeremy Strachan and I got the hump and a headhunter telephoned me for a South African company, this was Solar Glass and was owned by ... it was actually run off a South African business. And I knew South Africa well because I'd done a lot of work out there for STC Telecoms with a cable joint venture with Cottrell. This was well before apartheid, the late seventies, early eighties, and I knew them very well, I knew the country, I knew the people and I thought the people who worked for them, they worked. So I'd left and I became their legal director and company secretary at that time, and all the rest of the things that happened, including Strachan disappearing and most of the others going were not really on my radar at that point.

And you spent about two to three years there?

Yes. What happened was, the HR director at STC rang me up one day and said, 'Would you like to come back as legal director?' He said, without naming any names, the people who were running it weren't satisfied with what they had and they wanted me to take over. So I couldn't resist, this was ... actually it was not that easy a choice, I can't remember, I was in Pimlico for some reason, I remember walking up and down the High Street for a couple of hours, I really don't know why I was there, thinking shall I or shan't I, but in the end I decided to and it was a very good thing that I did. I

mean, this was what really made my career so it's the one decision that sometimes does change your life.

And it was about '87.

This would have been in, yes, I actually moved on the first of April 1987. [laughs]
Yes..

All Fools Day.

I'll tell you the story because most of the participants are no longer in the land of the living. Arthur Walsh, who actually died very recently, was a very difficult man, and he didn't like to pay his severance payments, so he didn't tell my predecessor that he'd hired a new legal director and I turned up and my predecessor was still there. So I went up to see him and I actually made a deal with him. So I called myself Director, Legal and Commercial Affairs and he was Director of Corporate Affairs. I don't know what that meant but Walsh didn't like it and he ended up saying to me, 'Well, I'm going to fire you for this' – it was the first time I met him, right after he'd hired me. Anyway, it got smoothed over but our relations were never what I would call very cordial, but he was the sort of person who really was very ruthless, very good at cost stripping and, provided you were business first and law second, you could get on with him. So I had a mutual respect for him in terms of his ability and I think he did for me, but I would never say we were friends, to put it like that.

And this was purely within STC? You were the Director of Commercial ...

No, at that time I took over the ICL as well.

You took over ICL as well...

So, I had the whole of the, I mean it was a combined legal department, and I had the lot reporting to me. I don't know, I can't remember, twenty lawyers, something like that.

By now you had met your first computer?

Well, no, actually my first computer was a Honeywell because I did the purchase for it at New Southgate in the seventies, and it was a huge ... well, as you know ... huge installation. I suspect my mobile phone has more processing power than that, with all the old tapes and ...

What was it used for?

It was used partly for commercial roles, payroll and bookkeeping and this sort of thing and a lot of accounting. It wasn't really a scientific computer, if you like, what they had for those were up at Harlow. And of course, by then, I'd got the patents as well so they merged the patent departments, because ICL had a big patent department and we put those together. So it was a nice team and I was quite pleased with that.

Things were getting a bit rocky for ICL in this period, though?

Let's talk about their problems, not dissimilar to, if you look at their history, to STC. So, don't forget when Weinstock created them they were meant to be, he had the job of putting it together with Tabulating... and I don't know what they were, Lyons and AEG I think, wasn't it?

ICT, Lyons, English Electric -

English Electric – that's what I was thinking of.

Marconi.

Marconi... so, he put them all together and it was really mainly a States corporation, and then it floated and, again, what ruined it was competitive tendering in 1980. Remember, they nearly went bust and Wilmot forged the deal with Fujitsu at that stage. So Fujitsu, don't forget, had been involved in ICL for a long time and what they were supplying, you know all this I guess, is the famous cube which was the guts

of the mainframes. This worked really quite well and, despite the competitive tendering, once they'd got on their feet and they had a good government business. They really ... in the eighties it was going pretty well 'til – it's difficult to be precise but I would say about ... where it went wrong was when you got client server. The VME software, as you know, is still used in government today and it's a very good system. Not on the same hardware but it's still there and they can't get off it because it's just too difficult. I don't know how long it will last but I was told that they are now training new VME programmers up from scratch because all the old ones have ...

VME was one of the two or three operating systems which ICL developed for what it called the 'new range', the 2900 series, yes?

Yes, absolutely.

Right.

VME, as I say, was very good and they had some good applications on it which gave them a good central and local government business. They never really got to grips with client server and this again is this idea that you can mix and match. I don't believe this, I mean, a lot of the problems with client server in my view were that you were trying to match up stuff from lots of different suppliers as the system integrator and is, I think, very hard. ICL, at any rate, I don't think ever managed to do it. They had some disasters with local government software and, indeed, central government software from that sort of area. So, things were getting rocky but ICL UK was still, in those days, a force to be reckoned with, John Gardner who ran it, an excellent businessman, really good sales team. And I used to do quite a lot with them. I mean, they were known as the Manchester Mafia at West Gorton, but they were very smart and ICL really made the money out of its mainframes in central government, lost it in almost everything else including overseas. But in those days the margins on mainframes were sufficient that they could afford to do it. So, when I came back in '87 it was the first time, for a long time, that I actually was seeing a company which made money, because STC had been in crisis mode, as you know, really since 1980. I spent a lot of time at ICL, in those days it was Bonfield, I got to know him very well and worked with him, so a completely different task to Walsh.

What type of a manager was he?

He was a marketer so he, I think, would tend to rely on people and perhaps be a bit more enthusiastic than I was, but he was pretty sensible and we got on well together 'cos I was sometimes a damper on some of his enthusiasms because by then I was doing a lot of commercial work, it wasn't just legal. The good thing about it was we got a relationship whereas when he got in a mess he called me. But that was early days, right, and of course the next substantial thing that happens is Northern Telecom appears.

This is the Canadian company ...

This is the Canadian company, subsidiary of Bell Canada. Telecom supplier and they bought out what was left of ITT shareholding in STC plc. So you now have a company which is basically controlled by Northern Telecom.

00:49:22

That's in '91 onwards.

In '91 onwards. So let's go back a bit, to 1989 when they were a minority shareholder. Northern Telecom didn't believe in computers, they did not believe in ICL. They wanted to acquire STC because they saw it as a route to doing business with the Post Office, well, with BT as it was then. But they weren't prepared to do it as long as we owned ICL. Arthur Walsh very much wanted to have this deal done and, to be fair, when it was done I believe it was in the best interest of the shareholders. Whether it was in the best interest of the industry you could argue, but it was certainly, for the shareholders, it was a smart deal. So, they hawked ICL around and it was hawked to an awful lot of people. I have to say, Bonfield clearly was more in favour of Fujitsu, he knew them well because Fujitsu had always been a close partner. I thought they were probably the best fit and, in the end, I think that what happened was, he persuaded Walsh that we should go with Fujitsu and there weren't really that many other opportunities. IBM are not interested.

UNISYS were interested, were they not?

Well they were, but I don't think they were favoured by ... you see, if the ICL management didn't like them ...

Were you one of the hawkers who was hawking it around?

I was involved in it with Bonfield, yes. Olivetti was another one. And we got somewhere, we nearly did the deal with Olivetti in those days. I think it is probably just as well that we didn't because who knows Olivetti nowadays.

Anyway, who knows ICL but anyway ...

Well, yes, absolutely right. So it was decided that we would go with Fujitsu and they were two of us who did it. The other person was Kenneth Gardner. Kenneth is a great friend of mine, I have huge respect for him, actually I'm having dinner with him tonight and his wife. We had already done quite a lot of M and A deals in the time since I came back from '87 onwards, the reason being that we were pushing off core businesses, non-core businesses from STC to raise money, to keep the thing afloat, and at the same time ICL making money was actually, sort of thinking about acquisitions, but the ICL acquisitions came in later. At the moment I'd worked with Ken on disposals and he and I worked hard with Guy Walsh, with disposing of ICL to Fujitsu. And that's in 1989 when he and I first went to Tokyo and, if you like, the rest is history.

In the sense that, in 1990, Fujitsu took eighty per cent of ICL?

Yes, Fujitsu would not take a hundred per cent, I think, misguidedly, and Northern Telecom remained, as we'll see in a moment, it's a long story, but in the end Northern Telecom kept the twenty per cent and we can carry on with that in a minute. So, we sold it, and I actually used two law firms, Mayer Brown and Platt – I used those, one of the senior partners there in their London office is a guy called Geoff Gordon, another very, very long-time friend that I still see, he came to Tokyo with me, and we

used Slaughter and May, Clive Robson in those days. And we were all there in Tokyo, negotiating away – it was fascinating, absolutely fascinating – and in the end we did a very good deal and, I must say, Ken was a superb negotiator and I learned a lot from him which I've applied in the rest of my career.

So now you're face to face with a majority owned by Fujitsu, a very different type of company from STC or ICL, one a Japanese company. Can you characterise those Japanese "ness" to it. I wonder what was so significant about it being the Japanese company.

Well, I'll give you two things. First of all, it is very difficult to know who makes decisions. So you have to be aware ... well, there are two differences: one is when you're negotiating with them is very different to when you're part of them. But when you're negotiating with them you have to be absolutely sure that you've reached an agreement on something because one thing you need to know in Japanese is 'Hai' does not mean Yes, it means 'I hear you'. So you really have to be meticulous to make sure you've actually got an agreement. And somebody who's never been in the room or sitting somewhere at the back of the room, you don't notice them, may queer the pitch at the last minute. So unless you've got a real – the consensus is not a myth, the consensus is extremely important – and people in senior managerial positions do not hold the same kind of power that we would think of, for instance, in an American company or perhaps a British company. It's a much more complicated structure despite what people are labelled. So when you're negotiating with them that's the issue. The other issue is that you can't be banging the table and confrontational, you need to be patient, very patient, and in the end you do get a deal. And it was a good deal. I can tell you a bit more about working, when you're part of them, which is different, that's not the same at all.

Right. You don't know Japanese?

I actually learned quite a lot of Japanese. I would say that it's now rusty but I can still understand quite a bit and when I was seriously working with them I took a lot of lessons and I got on quite well. I used an interpreter lots of times and so did they but most of the time I knew what was going on.

Right.

So, they bought it and I had three career choices at that time: Walsh wanted me to stop with STC and he really wanted me to stop because he didn't want me to be seen as a senior guy going over and start the exodus. I had the choice of going to ICL and Mayer Brown, my US friend, had offered me a partnership in their firm, but it was a partnership in their UK branch - if it had been in Chicago I would have gone. In the end, Bonfield's offer was very interesting, very fair, and I liked working in ICL, I'd built up a lot of relationships with the lawyers and the managers there, so I chose that. Walsh was not best pleased, we had another interesting altercation... 'I'll send you home' and I said to him, 'Do you mean that?' because, of course, that's constructive dismissal, right, and Bonfield was saying to him, 'No, no, no' and he calmed him down in the end. He said, 'Well, I'm a marketing manager aren't I', he calmed him down and I went with him. It was very good. In his time, in his five years, it was very good.

00:58:05

This was 1990?

I joined on 1989 Christmas Eve or something like that.

Right, Director again, Commercial and Legal Affairs for ICL. You are now trying to forget about telecommunications, you are now focusing on the computer industry ...

That's exactly right.

On software, hardware and all that goes with it, with a national champion, ICL, which is now owned by Fujitsu - no real attempt to stop that by government?

None whatsoever. By then I don't think ... the only issue was the defence business and this wasn't so much the government but originally Fujitsu were a bit concerned about getting involved in our defence business because it was not just defence: we

were concerned with battlefields. And they felt this might be unconstitutional in Japan so I worked out a way to kind of spin a company out which was not controlled by them but was still working. I had quite a lot of discussions with the MoD over that but it worked and, after a number of years, we rolled it back in again, nobody cared and it's still there to this ... the defence business is still part of Fujitsu Services to this day.

And you spent ten years in that role?

Yes.

Director of Commercial Affairs. Now, those were quite, again, rocky years for ICL, difficult years?

Yeah, I mean, it's the usual issue that the mainframe business is falling off. It didn't fall off too badly while Bonfield was in the chair, up 'til about '95, and we did do some quite juicy acquisitions, mostly in the States in the retail business.

Data Checker, that was early ...

Data Checker, Natsemi ... oh not, that was with Natsemi, and there was some others, ... Office, the guys who did Office Power, they were based in Rochester, New York.

Yes, and you did computer consoles, did you not buy computer consoles?

That's them, the ones who are based ... yes, this is because they had the Office Power which was sort of the Unix equivalent of MS Office, I would say. Very good programme and I wrote several books on it privately. The email system was good, it always worked very well, very reliable. During that time, so I was then really in charge of mergers and acquisitions. Ken was partly involved in this, because he had a kind of consultancy with ICL, so we worked together although he was really still part of STC. And we worked together on that. The board had a Northern Telecom presence on it because they still held, in the early days, the minority shareholding and Ken was one of their directors so I used to see him in that context. If we flash back

quickly, in the meantime, as soon as STC had sold ICL, Northern Telecom acquired the lot and started selling it off with the aim of leaving behind simply the telecoms business which was really the transmission business, partly in New Southgate and partly in Basildon. And they did all of that, and they got a lot of money out of it, so I don't think they were short-changed. They paid a good price for the shares so I think the shareholders had a good deal. Unfortunately, what didn't happen was, it wasn't an avenue into BT, NT in due course ... we won't go into all this but they'd had their troubles and, of course, it disappeared ... but even before that what was left of STC telecoms business was also gone, so the result of all this was, if you like, a shuffling around of money, some to the shareholders, some to Northern Telecom, but that was the end of that bit of the British telecoms industry. Sad thing, it was a very good company ...

Is that how you feel about it, that it was sad?

Yes, I do think so.

Plessey has gone, GEC has gone, STC has gone, Ferranti has gone.

I think ... I mean, don't forget, I guess we're more or less of an age, but if you remember, do you remember the Festival of Britain? I mean, I just about remember it, my grandmother took me when I was seven or eight, something like that. We actually thought – you know, people laugh at Wilsons, the white heat of technology – but we were at one point actually thinking that we could do these things.

The Festival of Britain was 1951.

Yeah, so I would have been seven at the time. But somehow ... I'll give you another example ... you take Journey into Space, it was a thing that everybody listened to, the radio play in the fifties, and everybody thought the British would be first to get to the moon. What did we lose - I don't know - the will to do it? The capital necessary? Did we exhaust ourselves in the war? Somehow or other it all fizzled out.

Thatcher would have said that the unions and other professional unions, like closed shops or doctors, for example, and lawyers and stockbrokers, they were the reason why the decline happened.

I don't think it's as simple as that, myself. I think it's got more to do with – I don't know how to put it – some sort of failure of will. And yes, you can blame the socialists for a lot, I mean, there's no doubt, if you think of it, the latter half of the seventies was horrendous. But don't forget the three day week was on Heath's watch. So I just think there was a malaise, without going into details about whether there's a malaise today. We somehow lost the ball, so it's not in a sense surprising, some of those things that happened. But I do think that there was a missed opportunity somewhere in the late fifties, early sixties, and I don't think we've ever recovered from it. Personal view.

Here you are, therefore, Director of Commercial and Legal Affairs, ICL, 1990 to 2000. And in 1999 ICL has a pretty horrendous time. For some reason, I don't know why, you might be able to explain this, it has a fifteen month financial year in 1999.

That was because we changed it to coincide with Fujitsu's financial year, nothing else.

Okeydoke.

That was a straightforward issue.

Ok. But that was quite a few years after the acquisition?

Well, yes, but by then – I'll explain this to you in a minute – really what happened, and partly even during the first five years when Bonfield was there, I was selling off things to prop up P and L. So, we got rid of quite a few bits and pieces, some of them what I describe as skunk work. So you've got some odd software programmes or old businesses that didn't really fit ... one person once described it as Stalin's lieutenant, he said, 'you're selling off our family silver and our birthright' but as I said, just obeying orders. Where the thing went wrong, in my opinion, is before Bonfield left, when Tod was FD, and I think Tod persuaded him into this, they broke up ICL UK.

And what they did was, they broke up the money machine. Now, OK, so it was having some of a difficult time, that was where the money was, and shortly after John Gardner resigned, he'd had enough. Those times, after that what happened was, the whole thing was broken up into a huge number of small businesses which had P and L responsibility and they were run by people who'd never run a P and L in their lives, those were the salesmen. You can guess what happened. All sorts of mistakes, all sorts of problems. The other thing which happened in 96, 97, is the Pathway contract. You can have a lot of discussion about what went wrong with it initially. The big issue, in my opinion, was that the Post Office counters wanted it and the DHSS didn't, they were an unwilling bride if you like.

Can you just explain the project.

Yes, the project was to automate the Post Office counters. This was done with what was called Horizon, there was a lot of software involved which was by a third party American company in those days, hardware purpose-built. It was an automation, a computerisation in simple terms, of all of the business processes that the Post Office counters ran, changing the way that they worked and all sorts of modernisation. The problems with it go back, as it always does when you develop software, to lack of a clear spec. Part of the problem was Post Office counters had never written the manuals for their procedures and we had to write the manuals before we could adapt the software and the hardware. And, of course, DSS didn't want to do this, the Department for social security, because what they would rather do is cut adrift of the Post Office and pay all their benefits through banking transactions which were much cheaper than putting them through the Post Office. In those days I think they charged 50 p a pop for paying your DHSS benefit through the Post Office and DHSS said, 'If only we can put it all through the banks it's 3p.' They didn't want to do it and they were very, very difficult and, in my opinion, acted in bad faith and that's my opinion. In the end, we cut them out and renegotiated the contract. When I say 'we' it was I and Tod that ... it was me basically. I did a deal with the Treasury which put the contract on an even keel and we had to take a write-off which I cleared with the Japanese. The guy who was in charge of Fujitsu in those days was Naruto and he was one of the most brilliant of the Japanese senior management, one of the ones who really understood international business. The failure to float, I should say this, that it

was promised that ICL would refloat in 1995, and by 1995 it was not in a position to do it, partly because, I think, of this reorganisation – this was when Bonfield left and went to BT and Tod took over. Naruto was damaged by that. This is one of these Japanese things, his prestige in those days really went down because he'd nailed his flag to the mast, 'I'm gonna float in '95' and he didn't. And he never became president because of that which I think he should have done, and he would have done if we'd floated. And I think that was a big loss to Fujitsu. He died not so long ago, at the age of 70, a disappointed man frankly. I was very close to him, he was a mentor in many ways to me. So you've got it all broken down into all sorts of little businesses that are not working properly, you've lost the engine, we're still selling, I'm still selling things to try and keep the ship afloat, and Tod latches onto e-business. E-business is going to save us. E-business ... they had a lot of visionaries in ICL but again, they were about twenty years ahead of their time. Some of the stuff that you see now, they were envisaging then but the technology was not up to it. A fascinating example of this, and this is like the last gasp of the Manchester Mafia, was what was called Gold Rush. They spent 150 million developing a superserver which was going to be the successor to the mainframe and, in those days of course, 150 million was a lot of money, and Tod and Bonfield were persuaded by the Manchester Mafia to do this and it was going to run video on demand. So what you now get through Sky this was going to ... and it didn't actually really do it, you know, it was still running on – you know, those were the big plate discs, right.

Yes.

So we sold two, and one of them was to Johannesburg Municipal Council and it was in their basement in a crate that's never been unpacked, so that was the last gasp of the mainframes. E-business didn't work. Again, I made fantastic amounts of money selling loss-making e-business companies and, you know, the bigger the ... I sold a company to Deutsche Telecom for 27 million pounds and the losses were something like seven million a year, it never made... but it was investment, right.

1:13:16

That's what you sold it as?

That's what I sold it as. The other thing, towards the end, was a matrix organisation. I hate matrix organisations and Tod was seduced by Oracle. They're not my favourite company by a long chalk, I don't like Ellison and I don't like their selling methods. But he was convinced by Oracle, that you could put in an Oracle system and by a press of the button you could slice it different ways. And he ended up with a four-dimensional matrix. And, of course, the Oracle thing never delivered anyway and when I took over I had twenty million pounds of Oracle software on the balance sheet that I had no use for. So, matrix organisation. Nobody knew who was responsible for what and most of them had never run a P and L anyway. And the e-business never materialised and, of course, you were then starting to crash. We never really got much joy out of the Y2K either, in my view. We weren't really the right sort of company to deal with it.

Although lots of others did.

I know lots of others did but the way the company was set up at that time, we didn't get anything of it.

So, in '98 Fujitsu took over all of ICL.

Yes, it did because Northern Telecom was desperate to get out.

Which was a 'let's defend what we've got' action and, therefore, you changed your financial year in '99 to ...

Well, it was partly because it was a wholly owned subsidiary and if you didn't change it .. it was nothing to do with the financial state, it was simply that you needed to line up the accounts.

So, in that '99 for fifteen months, continuing operations turned over at 3.3 billion pounds, and continuing operations lost 149.9 million pounds. It was a bad year.

Well, what did one expect. I took over at .. it was quite

You became acting Chief Executive in August 2000?

Yes. I was in New York on holiday and Naruto rang me and said, 'I'm going to get rid of Tod, do you want to take over?'. Originally he said, 'Well, you'll be acting for six months and I'll find someone else', so I said yes, I didn't hesitate. I'd got fed up with seeing the way things were being run and frankly I thought I could do better. So I took it over, I came back and I said, 'I'm going to act as if I'm chief executive from day one', I didn't actually wait for consensus or anything else. So I fired most of the people that I thought were responsible for the mess and I dismantled ... this was the other thing, the matrix organisation ... and I put people in charge of countries, people in charge of much larger divisions and told them, 'Your job is to make money'. Now, you couldn't do that without a certain amount of rationalisation. Frankly, I was determined to do the rationalisation that was necessary and a large slug of that, 143 million, was write-offs that I took, either redundancies or getting rid of stuff like that software and so on and so forth, so it had to be dealt with. I would have done more if I could, but I did as much as I could. In the end, they didn't find anybody else and I had a lot of supporters within Fujitsu, including Naruto. So they appointed me formally at Christmas, I think it was.

1:17:37

One of my sources says you were the man who saved ICL.

Well, I'd agree with that, if you want me to be honest.

Good.

The thing ... so there were two measures, I mean, as I say, I dismantled this, and I still think matrix organisations are rubbish, I'm sorry, I know it's not fashionable but I don't believe in them.

Why do you think they're rubbish?

Because they divide responsibility. Unless you're Japanese and you can manage that sort of thing, I don't think Western people work well with divided responsibility.

Hewlett Packard managed quite well for a while...

Well, look at them now.

True.

I'm sorry, I mean, I actually know something about them, because one of my sons works in Hewlett Packard, and the bit that is doing best in the UK is not run as a matrix. That's Aruba.

Ok, so you were ruthless...

Well, to a certain extent, yeah.

You've sold some things, you've fired a lot of people and to the year end 31st March 2000 you have a smaller company, it's now 2.7 billion rather than 3.3 billion, and you have continuing operations loss of 869 million, but down the bottom here, we've got an actual profit on ordinary activities before interest of 113.6 million rather than a loss of 86.7 million for the previous period. You saved it.

It's not so bad, is it?

It's remarkable, it's quite remarkable.

Yeah. I did a number of things, I mean, I disposed of a lot of peripheral operations which were losing money and, of course, this is where you see some of the losses. Some of them, I gave back to Fujitsu, like the US business, and the Australian business was never part of it in those days. So, yes, it was a smaller company. Actually, we didn't make that many compulsory redundancies and I'll tell you at the end. I mean, we shrunk the workforce from 24,000 to 14, I think it was roughly. But at that stage there were only about six hundred compulsory redundancies. A lot of

people, of course, were leaving the sinking ship and if you freeze, as it's quite right to freeze, the raises and this sort of thing, increases, it worked ok. A lot of people left, natural wastage, and I insisted, I put a ban on recruitment, I would not let people recruit, it didn't matter what. If they wanted to hire somebody they had to get my personal permission for each person and I said, 'I'm sorry but you've just got to find somebody else to fill the gap from within the company, good or bad.' And that's it. Now, the next – there is one other thing - and this is actually very important and I think it's the most important decision I made because it's still the plank of the business, and this is outsourcing. So I sit there, about 2000, and I'm 'What do we do?' Alright, we've got rid of this, that and the other and it's all slimmed down but how do you grow? What do you do? We had a company, and this is one of the few acquisitions that I'm quite proud of, that was called CFM. Do you know Philip Sellars?

No.

Well, they came out of local government originally, they were a sort of spin-off, and they did facilities management and outsourcing. They were a core of people who, actually understood how to do it and when I looked round I thought this was the sort of one bright spot in ICL, and I built on that business, and this is where we started to take over outsourcing contracts. It was the big outsourcing contracts that, despite all their problems, actually were, and still are, the profit drivers in ICL.

As they are for Fujitsu.

As they are for Fujitsu.

I mean, the whole corporation.

Yes. Yes, absolutely. That's exactly right.

You were four years, then, as Chief Executive, first Acting six months and then Chief Executive.

Yes.

During that period ICL plc changed its name completely to Fujitsu Services. At the end of your tenure you had then a much smaller company with a total turnover in the year 2004 of 1.7 billion. This is down from 2.7, remember, in 2000, but actually retaining profits to carry forward of 60.8 million.

Well, you see, part of the reason for that is once it became Fujitsu Services we spun off some of the other stuff into other parts of Fujitsu. It's not just ...

Aah, I see...

They came to me and said to me, you know, 'Do you mind if we change the name?' and I said, 'No, not at all, I think it's the right thing to do.'

No tears, then, from you?

Not at all, I was absolutely in favour of it. You have to realise that, if you're going to compete as a Japanese company, then you actually need the strength of the brand. One thing I don't think people realise is just how strong the Fujitsu brand is in Japan.

In Japan? Ok. Because then you became a Corporate Senior Vice President and Head of Fujitsu EMEIA Regional Operations, Europe, Middle East, Africa, first Senior Vice President and President of the Global Business Group, Corporate Senior Vice President, President, and President, Global Business Group, and then Corporate Executive Adviser, Global Affairs. All in Fujitsu, some in Europe and some in the headquarters.

Yes.

Now, we move to Fujitsu, whose culture you have described to me. 2007, 2008, let's take those years for Fujitsu. Only thirty percent of its business is overseas.

Only, or ...?

Yeah, only. This is a company which has failed to become a real global leader, seventy per cent of its business is in Japan.

Well, we're getting to a stage where, actually, I feel these are current things so I'm not going to comment too much.

No.

And since I'm still their adviser obviously I don't think these are things that we ought to touch on too much.

But I deliberately picked this date, to the year 2008.

It's now much higher.

As a percentage?

As a percentage, it's now much higher.

Well, what is the percentage now?

You'd have to look at their corporate stuff – I think it is higher. I don't think that's dissimilar to some of the other companies.

It's dissimilar to IBM.

IBM is not a typical company and it's certainly not Japanese.

It's dissimilar to Hewlett Packard?

Yes, same thing.

OK. There was a time at which the Americans were terrified of Fujitsu, NEC, Hitachi. Absolutely terrified of them. And now they're not terrified of them.

Yep. Things change. They're terrified of the Chinese, though.

Amazon didn't come out of Tokyo, none of the social media came out of Tokyo or the labs of the Japanese companies, and they seem to have, particularly Fujitsu, I suggest to you, almost retired into the services sector.

I think in Japan it's different.

OK.

In Japan there is a lot of software. Part of the problem is that I don't think it translates so well. Another company that you might want to watch is NTT Data. Strangely enough I got a note from LinkedIn the other day, some headhunters sent me a note, 'Would you like to be general counsel for NTT Data Europe', it said, 'you're perfect for the job'. I haven't actually replied but [laughs] it's a ...

Do you feel like replying?

No, I've had enough. It's a difficult question but I think it's the sort of thing you can analyse with Fujitsu or any of the others by looking at what they're doing now. But don't forget that I retired in 2012.

True. But in 2010 there was a massive boardroom struggle in Fujitsu. What was that about?

No, that's not something I can comment to you on, honestly. I mean, you're actually treading on things that go far beyond ...

It was reported.

Well, read the reports.

Read the reports?

Read the reports.

Are they accurate?

I don't know, I've never read them.

OK. Now, the fact that you are involved, or the company was involved, so much in outsourcing, which can be problematic, for example, you were a major supplier in 2014 of the NHS National Programme for IT and you had to sue the government because they just stopped the programme, stopped your work.

Well, again, confidential. I can't discuss it. What I would say to you is what you want to look at, what Fujitsu is doing now, is digital transformation.

Is digital transformation?

Yep. And I would look at their current thing. I mean, the problem with outsourcing is that, as you get successive generations, the margins become less and I'm beginning to see the infrastructure business as a high volume low margin business and turning into a utility. So, if you want to move up the value chain, and you're a large company, the way to do it is digital transformation. Duncan Tate has certainly really developed this, I think very well. I mean, while I was Master of the Marketors, I ran a conference in Cambridge, we did a lot because of my interests on digital, the influence of, you know, the new technologies for the sake of argument on marketing, but it's the same in a lot of professions. And I ran a one-day conference at Cambridge at which Duncan and a couple of other guys spoke. You can actually, I think, find it on our website still because we recorded it and video'ed it, and certainly Fujitsu have got copies. I think it is the way to go if you can actually turn the trick and add value in this area, then you cease to be an infrastructure utility. If you look at them, you can talk about Amazon and the others, they don't actually do this as well as they might, so

I think there is scope for this sort of thing and I think Duncan's really got the bit between his teeth on this and I think he's got a good chance of succeeding.

A remarkable career. Let me ask you a very cheeky question and you can say 'I'm not going to answer it'.

Go ahead.

What do you think is the biggest mistake that you've made?

I would ...em, biggest mistake ... [pause] I'm trying to think actually, it's not because I'm particularly arrogant ... the biggest issue, when you get up to the sort of levels that I got to, is how you pick the people who run the businesses, and I think that there are a couple of choices I made that I wish I hadn't made. But, you know, people say if you get one in three right in these sort of things you're not doing badly. On the other hand, for instance, I picked Duncan, I appointed him, and I'm very pleased that I did and there are some others who are in the same category, but there are one or two that I wish I'd not appointed. It was probably the biggest thing that I think I could have done differently.

What are you most proud of?

Em ... Pathway, actually. I mean I did that, nobody else did, and it was not a legal issue, this was negotiation. They still have the contract, twenty-five years later, and it's been their most profitable.

Thank you very much, Richard Christou.

[recording ends at 1:32:20]