



Martin Read

Interviewed by

Tom Abram

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Via Zoom

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Welcome to the Archives of Information Technology. It's the tenth of May, 2021 and we're on Zoom, as is customary for interviews as we come out of the Covid lockdown. I'm Tom Abram, the Director of Archives, and today I'll be talking to Martin Read. Welcome, Martin.

Thank you.

I'm especially delighted to meet Martin today as our careers have kind of had some parallels. I'm an electronic engineer by training, I did a PhD in radar signal processing, research for the Ministry of Defence and then moved into consultancy with leading software houses and similar companies. So I've known of Martin as a high-achieving managing director of defence related businesses in GEC and famous for the transformation of Logica, as chief executive from 1993 to 2007, and since then Martin's had a portfolio of senior advisory and chairman roles in industry and government. So Martin, we'll get on to talking about your career in a moment, if we may, but can I ask you about your early life? You were born in 1950, I think. Whereabouts was that and what was your childhood like?

Well I was born in Tooting in London and I lived there to the age of three. My father was, well contracts basically, selling and contracting in insulation. So he was fitting out sort of, you know, big industrial premises and his area was down towards Hampshire and neighbouring counties. So it was that that led the family to move to Basingstoke. I have to confess it's not something I spend a lot of time extolling the virtues of, but when we moved down it was a sleepy market town, it was before it was redeveloped, it was redeveloped in the mid-sixties. So my mother was one of ten and, you know, there was a big tight-knit family there. But we moved down, as I say, in 1953 and that's where I grew up. I went to the local primary school, I passed the eleven-plus, I went to Queen Mary's Grammar School in Basingstoke, and, you know, that was where my life was. I was fortunate in it was a very good school and like many people at that time, it was the route up for someone from modest lower middle class background to move onwards and upwards, if you were clever. And I did extremely well and I got a place at Cambridge and, you know, that was really my big way forward.

So your parents were supportive of education were they?

Oh yes. I mean they hadn't had much themselves. My father actually was a very clever man, but he came from a poor family, so after matriculation, roughly the equivalent of O levels or GCSE, he had to go out and work. And my mother I think left school when she was fourteen as well, but they always put huge value, particularly my mother, my mother was the driving force on, you know, you've got to work well. Although she didn't have much in the way of education she was always desperately keen that me and my brother, you know, should do well.

It's interesting how often I hear that and actually you and I are not of a dissimilar age, we're about a year apart, and that's a similar story. The education did achieve social mobility and all of that.

D'you know, Tom, that's exactly right and I believe that we've got less social mobility today than we did in those days where, you know, if you were clever and you worked hard, you know, it really was, you know, your way forward. So you're absolutely bang on with that.

So I looked up your school and I see that you are listed as an alumnus of it.

Oh, am I indeed? Well, you're one up on – goodness me – you're one up on me then, Tom. [laughs] I haven't looked it up!

And do you know anybody else famous who went there? [laughs]

Well, John Arlott.

Yes, that's the one.

And I'll tell you – I mean I don't know how long we've got – but I'll give you a tale about John Arlott, if you like, because I, as the deputy head boy I had to go to an old boys' dinner. But you may not have time for that?

John - go for it.

Okay. Well, we had rather a pompous headmaster. There were some fantastic – just to go back to our earlier point – there were some fantastic teachers in that school who really put themselves out, I mean gave up their lunch hours to try and help me with the Cambridge exam, for example. But the headmaster was a real pompous so-and-so and it was at the old boys' dinner, I got roped along to go as deputy head boy, and so he made a speech. And of course, I mean you know what you learn, Tom [laughs], this was one of them. I mean you don't stand up in front of an audience of old boys and tell them what rubbish the school was when they were there and how, what a good job you'd done of making it right. And he went on and on and on and on and then John Arlott, who was just sitting two along from me, was heard to say, 'I wish this silly c... would sit down and shut up', and the room went completely quiet. I did so enjoy it. [laughs] Yeah, because of course he had such a wonderful Hampshire accent and so, you know.

[0:06:22]

Yes, yes. So what did you like at school? Doing?

Well, I did a lot of sports, I played in the football teams and the cricket teams. I worked hard, I suppose I was a bit of a swot really. But, you know, I made a lot of friends and actually, quite a lot of those people I'm still very close to today.

Yeah. What was- you were a scientist, were you, predominantly?

Yes, I think you end up choosing, don't you? If you're clever you end up choosing perhaps the teachers where, you know, there's the most empathy. So that's probably why I went down the science route. So I did physics, chemistry and pure and applied maths at A level.

And then to Cambridge.

And then to Cambridge.

And was that a kind of a natural fit for you? Did you like it there?

I wouldn't say a natural, I mean I think provincial grammar school boys going to Cambridge in 1968, it was, you know, you were moving in a different world and it was a world where I think there were ten times as many men as women, so I'd lived a very sort of engaged social life, shall we say, as I was growing up, I was a teenager in Basingstoke. I belonged to a youth theatre workshop as well, which was, there was a very good one in the south of Hampshire, and so I had a lot of girlfriends made through that as well, so suddenly you were in sort of, you know, rather an all-male environment so that was a bit odd. First time I'd lived away from home, that was quite a big event as well, so you know, it was, I mean it was exhilarating because you felt – well, it was true – that, you know, you were in a very privileged position in a very old institution that was a world leader. You know, with all sorts of traditions, everything from punting to whatever. I was taught by three Nobel Prize winners, actually, during my time at Cambridge. Which didn't really, I've only thought about that in later life, I think gosh, that's amazing actually. So yeah, no I enjoyed my time at Cambridge. I, as I say, I... there was a coming to terms thing, I think really, I mean it wasn't sort of I suddenly sort of walked into it with an air of entitlement or, you know, but I thoroughly enjoyed it. And again, I made some very close friends there.

[0:09:14]

So then you moved to Oxford after that to do a PhD. What prompted that?

Oh Tom, it's a DPhil at Oxford. It's a DPhil at Oxford. So it's an interesting point, you see, I'd sort of grown up thinking that being a scientist was, you know, that was my mission in life, but I think by the time I got up to the third year in Cambridge some of the gloss had worn off a bit really. But I did regard, so I'd always wanted sort of an academic career really. But some of the gloss had worn off and I wasn't really very sure what to do. And in fact the decision I made in some ways was the biggest non-decision I made in my life, but also the best decision I made in my life, which is, I mean I don't know what part of the Ministry of Defence you went to, Tom, but I was offered a job, for example, at the Royal Radar Establishment at Malvern. And I think I had the offer of doing a few things; research, a PhD at Leicester, I think. But anyway, amongst all the things I applied for, I applied for a job at the United

Kingdom Atomic Energy Research Establishment at Harwell and this was a time when money was tight and they actually didn't take anyone on that year, but they contacted me and said look, we would like to give you a scholarship to do a PhD, a DPhil at Oxford, you know, we'll pay you a scholarship for it and, you know, that's three years. So it was a non-decision in a way. I thought, well, that's quite a nice way to spend three years, it'll give me a chance to find out what being a research scientist is like. And that was the basis of the decision really. Now, why do I say I think it was really good? I think it was really good because – I mean I joke about this, but it's really true – I think I completed my education at Oxford in all sorts of different ways. I mean it is fascinating being at the barriers, the frontiers of knowledge, so doing a research degree, you know, was special from that point of view. And of course, you learn to analyse data, and probably more important, explain it and do the narrative around it. But it was a much wider thing. I mean as a natural scientist you were worked to death at Cambridge so, you know, I didn't get a sort of amount of - and I was a bit of a nerd – so you didn't get the amount of spare time, really, to do all sorts of other things. And while I was at Oxford I really made an effort to widen anything that I read. You know, I got history, particularly. It was about the time we went into the Common Market. [laughs] And my French was dreadful at school, it had been tremendously badly taught, and I thought, well here we are going in the Common Market, my French is dreadful and I can't speak a word of German, so I taught myself. I taught myself with BBC records and books and, you know, got to the stage where I could read a French novel, you know. I might not get every single word but, you know, most of them, and my conversation of German was really, you know, very good indeed. Now, that exercise actually was really important, because what it tells you is, or what it told me is, actually, there's, if you're prepared to put the effort in, there are very few things you can't teach yourself. So that was a plus. I've always done a lot of acting, not as much as I would have liked at Cambridge, although, you know, I did do quite a few things. So I was able to spend more time on that when I was at Oxford, in fact I directed plays as well as acted in them. I felt a lot more relaxed about, you know, playing in a football team, there wasn't always a thing about, oh my God, it's Saturday, you know, there is a lecture I was supposed to be going to. And I met my wife. [laughs] So all in all, I... I mean it's interesting, I still support Cambridge in the Boat Race, but my memories of Oxford are much more about, as I say, evolving as a person in a way that- it was a much broader experience.

I mean it always is if you do a research degree anyway, but I mean, so that was my reflection. So of course, one of the things that comes out of that is I decided that although I had really enjoyed being a research scientist, actually what turned me on was much more, well I suppose you could put it baldly, power, but it was about making things happen through people, not thinking wonderful equations in a back room somewhere. I was still quite undecided about what to do, but I applied for a lot of things. I think I had ten job offers, actually, in the end. You know, and that ranged from Shell... [laughs] I also applied to the civil service on the fast stream and I was offered a job in the Ministry of Defence. I sometimes wonder what would have happened to my life if I accepted that. But the job I took was with a company called Overseas Containers Limited, which was a consortium of four big and historic British shipping firms; it included P&O and Ocean Transport Trading, and they had the courage to get together and to pool their investment to containerise the British shipping trades. So – and if you remember, the 1970s was a dreadful time for Britain, you know, industrial strife, inflation, poor management, a lack of confidence really, complete lack of confidence in the country and our future, which didn't really change till Margaret Thatcher came in. So it was a pretty dire time, but here you have one company that was investing huge sums of money, trying to grow and trying to be successful, and it was new. You know, OCL had been set up in 1967/68, I don't think the first ships sailed till the end of the sixties, so it was all new and happening and the trades were still being containerised. And they took in, they had the old British shipping paternalistic outlook and they picked three people from Oxford and Cambridge – they only went to Oxford and Cambridge and picked three people – and I sort of joined them as the sort of mature graduate trainee, and that was the start of my career.

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So the job, it says in your CV, positions in sales, marketing, finance, operations, systems development. I mean what... [laughs]

What the hell does that mean? [laughs] What did you really do?

Exactly. Yeah, it's a good question.

Well, I had seven years. By the way, one of the attractions was there was an overseas posting as part of the plan and in those far-off days people didn't travel very much, so that sounded like a sort of great opportunity. So I joined, I had six months really learning the ropes in a regional office, it was actually Liverpool. So my wife and I- I should probably have said it, I handed in my PhD on a Thursday, got married on a Saturday, had two weeks' honeymoon and started work on a two-week induction in London with my recently acquired, very recently acquired wife. And then anyway, after that, six months in Liverpool, which, you know, was a bit of a different experience. I mean we loved it in many ways. I mean it's great that Liverpool's moved on but I mean, again, in the early 1970s it was in a bad way, run down, depressed, manufacturing and shipping which it had relied on were in steep decline. But, you know, the buildings showed its Victorian grandeur, the people were, they played hard [laughs], good deal of rogues there as well, you know. The joke was in Bootle that if you left your car for five minutes it wouldn't have any wheels left on it. So in some ways I was a, stuck out like a sore thumb, arriving at the container base for six months. But actually, I really liked the people there, really got on with them. I mean as well as learning the ropes I did do some specific work for them, one of which was really using my research, coming straight out of research and using my skills, I did a big analysis on how effectively the container base was using its trailers. And actually, that was quite interesting because what emerged was that most of the time the trailers were standing empty, which didn't sound like a very good idea. And the report I wrote got up to head office and it got me noticed, and so when the time came for me to do my first real job, it was decided that I would go and work for – as an assistant – to the corporate planner. Now, a couple of things to say about this. I mean corporate planning, hardly any British company did it in those days. You know, it was the idea of a five-year plan was very odd. The chairman of OCL, Sir Ronnie Swayne, was a very far-sighted man actually, I mean he was a patrician, you know, old school, but he was a very far-sighted man and, you know, he'd introduced this and he brought in a guy from Shell to do it and I was to be his gofer. And of course it was fantastic, because what it meant was, you know, as a relatively junior nerk, I was up and around the directors' floor, because that's where my boss had his office, I went to the budget and the strategic planning meetings. Again, I was the junior gofer but I was in the room. And I saw how these discussions took place and I, you know, and that was tremendously, you know, formative, the whole process of putting together a

plan and, you know, seeing it discussed. I mean I worked on a sensitivity model for forward planning there, so again, bringing some of my science in. But I think most of all it was just the experience of seeing how the top people worked. In fact, I'll tell you a story about Ronnie Swayne, which stayed with me as a great marker, I think lesson for the future once you reach the top echelons. He brought two dogs into the office each day, with his driver, and his secretary took them for a walk and they had baskets in his office, and I remember at one of these strategic planning sessions we had, Ronnie was going on about, you know, well the company was getting bigger, it was growing, you know, real effort had to be made on communication because it wasn't like the old days where you knew everyone, you know, it was getting to be a big company now and, you know. He thought we were doing quite well on it, you know, Tom, because he came into the office each day and he took the lift up to the eighth floor and people would nod at him and say 'Hello, sir'. He said, 'So I think we are doing quite well on communication', at which his deputy turned to him, he said, 'Ah Ron', he said, 'I don't think the staff have a clue what the chairman looks like, but they do know he's the silly bugger with the dogs'. [laughs] Now actually, I remember that story right through my career at the top, always remember things like that. [laughs]

[0:22:01]

Anyway, so the other thing that I decided to do then, I mean the corporate planner of course was a bit, was a bit of an outsider as far as the finance department were concerned. I would say that the relationships between my boss and the accountants were not great and I had to do a lot of the fixing and making friends and making it happen. But one of the things I decided on that was that I was going to take the accountants on on equal terms, so I studied for the certified diploma in accounting finance, and again, you know, I was self-taught, which as I say, was a great lesson I got from my Oxford days. Anyway, at the end of corporate planning the time came to go abroad and traditionally people had gone, graduate trainees had gone to Australia, New Zealand, Japan. And this was June 1976 and three things happened that week. There were the Soweto riots in South Africa, my wife found out she was pregnant and my company said, great news, we're containerising the South African trade and you're going to be the lucky graduate trainee who gets sent out to work with our agents, Safmarine, to make it all happen. Anyway, it was quite a big decision actually because, you know, South Africa wasn't a very nice place at the time. But anyway, we

decided to go. Two great years there. I always say to people that I think there's two things you should do in your twenties; one is try and live abroad for some time, and secondly, do something in selling, because I think the activity of persuading people to do something which they might not want to do is a very formative part of your life. But I mean despite the political nastiness of the place, it's a beautiful country with a wonderful history and if the colour of your skin was white, you know, you lived a very good life, a life that we just simply could not afford to live in the UK. Our first son was born there. Actually he was very ill when he was young, but he survived his first couple of months and never looked back since, so it was a very formative period of our lives. And I think, you see, if you live abroad I think you get much more objective about your own country and even though apartheid was a totally obnoxious system, you realise that for white people, white South Africans, there was no simple solution, really. So I think all those things round you, you know, as sort of, it makes you more self-critical. Anyway, so then I went back and I did, I can't remember how many years as operational planning manager in the biggest container base in Barking and we were living in Chingford at that time. And then after that I was asked to run the big development project to put in a new export documentation system. I mean just a reflection, Tom, of life in those days as far as computerisation is concerned. I mean the big thing, you know, was, OCL while I was there, was, you know, the electronic typewriters in the typing pool. It was a typing pool, you know, and the big innovation that when things got changed, you know, they didn't have to be retyped, which was the bane of any secretary's life. And we were at the cutting edge, so we used computers for the documentation. But the problem was that we had everything computerised to a very good extent and so you produced the ship's manifest which said what containers were on and what they contained and where they were going, but there it stopped, because you couldn't transfer the data electronically, you know, well you couldn't do it, never mind how much it would cost. So what used to happen is, a tape used to be run off and a chap or a girl, actually, would have the wonderful task of travelling to the other side of the world with the tape, get it off the plane and go into the computer installation in Sydney or wherever it was and put the tape back on and load it up into another computer. So it was a different age, as you will be very well aware.

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Anyway, at that time we got to 1981, so I'd been in OCL seven years, and I got a lot out of it in career terms. I think it was one of those difficult things. What I sort of realised was the choice was you stayed there and you went on the escalator and, you know, eventually you might get to the top job, but you might not, and if you didn't, your flexibility, because you'd only worked in one place, was limited. The other thing was that although from a technical point of view it was fantastic, from an operational point of view, logistics point of view, the sales and marketing was quite restricted because in those days the shipping companies basically operated a cartel on rate setting, it was a legal cartel. So, and I thought, also I'm not getting much sales and marketing out of this. So anyway, at seven years I was itchy feet and an opportunity came up to join International Paint, which was part of Courtaulds. And that was a leader in marine paint, it had about thirty per cent market share worldwide, some leading projects. Quite an exciting, very interesting company because, you know, it had a global position, serious global position, but a lot of the- but it basically ran as a whole load of companies scattered round the world, smallish companies mostly, you know, I'm talking in hundreds, that would manufacture and apply the paint. You know, and it could be new building areas like Brazil and South Korea, could be big maintenance areas like Portugal, ships stores. You were dealing with shipowners in different countries like Greece. So it was a hugely international business. Anyway, I joined initially as Deputy Corporate Commercial Director and eventually became Corporate Commercial Director, and we controlled the international price lists, the big deals, the, what we put in the paints, because there were choices and you would duck and weave according to what the price of the raw materials were. Stockholding policy. Actually, it was a great learning curve, I really valued- and some really good people actually running it too. So you got this worldwide global marketing chess game on the one hand, on the other hand you'd go out to relatively small companies and you would actually get your hands dirty on things like where's the cash, who owes us money, why's the inventory too high. Things which you could go quite high in a company sometimes before you start worrying about – if it's a big company – before you actually realise that you've got to get cash from customers if you're going to be able to pay wages and invest.

[0:30:03]

This is early thirties for you, presumably?

Yes.

You've kind of made a transition from being a scientist to being a commercial...

Yes, in industrial products, yeah. I mean the connection really was the shipping. I mean there was, that was the link between the two jobs. But it was a conscious decision to, as I say, I really liked OCL. I think the other thing about OCL, it had that old patrician thing, you know, the old British shipping company thing to it.

That was the time, presumably, when containerisation was, you know, the new thing.

Oh absolutely. Well, that was the whole point about OCL and that had really major changes, because the old docks died, everything moved out to places like Tilbury and Southampton, with really big deep water places, so the liner trade died. I mean when we went out to South Africa we went out on the Windsor Castle. The Windsor Castle, you know, was off the trade and the liner trade had stopped within a year and a half. By the way, one of the things I did there, apart from selling, being involved in sales and marketing, I also ran a huge systems test for all the documentation procedures in advance of real containers actually being sent out. Yeah, and so it was really exciting, there was huge changes going on structurally. I mean you had really big ships. I mean today of course they'd be dwarfed, but I mean they were huge in comparison with liner shipping, and you turned them round, you know, very, very quickly, obviously, because you had these huge cranes that would do it rather than a whole series of cranes taking off things in sort of rope bundles. Yes. No, it was a period of very big change. Another thing I think about International Paint was it, I think its... international business has been the core of my career and, you know, because it was such an international business I think I, different cultures, different ways of behaving, you know, whether it was, you know, in Japan you did it this way, in Spain you did it that way, it was a great learning curve and very well run company.

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So the next step then was to GEC, which I imagine is very appreciative of commercial management skills.

Well, now it was interesting. I mean I'd done four years at International Paint and I liked it a lot. The problem with it was, I really wanted to do a big line role and if basically what you've got is, you know, lots of operations round the world with one or 200 people in them, you know, any one of them isn't a big line role. Anyway, I was introduced to Lord Weinstock through a headhunter. And of course he was probably past his best in those days, but he was the giant of British industry. And I do remember going to see him, you know, which was a very big thing for me and nervously going into his office in Stanhope Gate. And after a bit the guy in the office next door, who was Malcolm Bates, his deputy, came in and I thought it was the most awful interview. He just, anything I said, he disagreed with. It didn't matter what I said, he disagreed with it, and he said why, you know, I don't think, tell me this. So anyway, I had this miserable interview, you know, with the greatest industrialist in the UK, and I was taken out and Malcolm Bates walked me out. As we got to the lift he just burst out laughing, because he could see my glum face. And he said, 'Don't worry', he said, 'he just wanted to find out if you'd argue with him'. [laughs]

Anyway, I was offered a job in Marconi, you know, largely defence electronics, and I was put in effectively as an assistant director to help out in head office, but the idea was that the first time a reasonably sized line management job come up it would be mine. And I worked in head office for just under a year. I worked on the first Plessey bid actually, amongst other things, and a potential joint venture in Spain. But then there was a business in Portsmouth that had got into a hell of a mess and was losing large sums of money and I was asked to go down and take it over. So it was about 750 people, I think, and actually we cut it back to about 500, I think. I mean it was quite a messy job. And it wasn't sure it was going to survive. But anyway, I moved the family down to south Hampshire and this was my first opportunity at serious line management. It was largely in defence communication, so it was actually called Marconi Secure Radio. Everything you touched was wrong. You know, we had, we had one of the contracts was to the Saudi Arabia National Guard for a hand-held radio system. Now in those days the batteries, of course, were fearsome and this thing had been designed so that the battery kept falling out and one of these poor guards had a broken foot because this whacking great battery had clumped down on his foot. So I mean I just mention that as an example. But anyway, it was great. You know, we rebuilt the team there, better quality people, and steadily batted our way out of it. And

in the end it was a profitable organisation. And I was progressively given, I was made a director of Marconi Defence Systems in which this resided and I was gradually given more business in, actually some quite interesting businesses around speech recognition and satellite communications. And I did that for, steadily increased jobs, and I'm just trying to get the timing right, I think it must have been 1989 I was asked to be managing director of a bigger subsidiary, Marconi Command and Control Systems, in Camberley. So that was my next leg up. But it is perhaps worth recalling, I mean I was very keen to build this speech business. It had evolved out of the cryptography capability that we had, because obviously that was important for secure communications, and we were leaders in many ways, although it wasn't very big business, and we were doing speech synthesis announcements type systems, like the speaking clock. And we were also doing recognition systems. What I realised was that we did have a major opportunity and we came up with a plan, which involved buying a small German business that was in this area, and an American business as well. And we took the plan to Stanhope Gate and of course, the idea of buying things that weren't yet making a return was an enigma, really. Anyway, I can remember, it got passed down to Simon Weinstock in the end, dear old Simon said, I can't back you on this, my colleagues will laugh at me. But in a sense that sort of typified the problem that GEC had at that stage. I mean, because the risk-taking days were basically over, Arnold had created the business, and I think really the combination of MoD cost plus contracting and the way that BT did its purchases just made life too easy. I mean it was a relatively low risk way of making money, so to do the sort of thing that I was talking about, you know, was risky. And it was risky, I mean I don't fault the argument. But in a way this is, I think, how we lost the lead in so many technologies in this country, which was an attitude towards investment, which ultimately comes from, you know, the investors, shareholders. You know, was a lack of an understanding about technology and certainly a lack, a wanting to take risk and to take a long-term view. We should come back to that later, but anyway...

Listening to you talk about that, it sounds like you were quite interested in the technology as well as the commercials there. It sounds like you were kind of, your scientific background was coming out again.

Yeah. I mean you never get away from that and of course that was part of the- I think that the reason that I was interesting to GEC was twofold. Firstly, I did have the technical background, but secondly, you know, I did understand about international marketing and international business. That was something that, you know, GEC wasn't particularly strong on.

[0:40:05]

So 1993...

Yeah, so I'd, I would just, so I did Marconi Command and Control and then I was given a group of businesses, which took in – I can't even remember what it was called now – it was the... Marconi Radar, at Chelmsford. There was a whole load of stuff up in Scotland that I did as well, simulation was one of the businesses. The research labs at Baddow. So I had a group of businesses, and I'm speaking from memory now, but I think I had about 7,000 people, something of that ilk. And it was a significant part of GEC Marconi that I was running then.

Yeah, so you got your big line job then?

I got my big line job. Yeah, well that bit, I mean that's what GEC had given me. And look, you know, I think at that stage Arnold was getting criticism. He stayed on too long, basically. But he was a- I learnt so much from that man. I mean his attention to the basics of running a business, and of course he'd always, well if there was ever an issue, you put your monthly managing report in - and he read the lot, by the way – and you'd get a phone call out of the blue. My son gave a speech at my seventieth where he was, he recalled, he said, 'And we were always given a lecture over the weekend that if Lord Weinstock called you said, 'Yes, Lord Weinstock, I'll get him at once'. '[laughs] So the basics of running a business, you couldn't have had a better place, actually, to learn.

Would you say he's your big mentor from your career then?

Well, I've been lucky in my career, you know, I worked for some really good people in OCL, I certainly worked for some good people in International Paint, and I, you

know, I learnt a tremendous amount from Arnold Weinstock. A very interesting man, all in all. He, after I made it in Logica, I invited him to lunch, and I wasn't sure whether he was going to come. He sent me a charming letter back saying of course I'd pleased to have lunch with such a prominent technologist. And he was, I mean he was a... I can remember taking him – and I used to take him to lunch, you know, once a year, something like that – but I can remember, in the height of the dot-com boom as Logica's share price was just going whoosh, right up like this, he, I'd invited him to lunch at the Ritz and typical Arnold, I'd invited him for 1 o'clock, he turns up at 1.35 and I stand up at the table and I walk across the dining room of the Ritz, say, 'Hello Lord Weinstock, how are you?' He doesn't say anything, but he just grabs me by my jacket on the shoulder and he shakes me like this, and he said, 'Counterfeit money.' 'I beg your pardon, Lord Weinstock?' Shakes me again. 'Counterfeit money, my boy.' I said, 'I beg your pardon, Lord Weinstock?' 'Your share price, counterfeit money, spend it before anyone notices.' [laughs] I mean he just, absolutely on the ball. And this was a long time before the crash too.

[0:43:46]

How did Logica happen then? Why did that come about?

Well, I got a call from a headhunter, but of course it's always an issue isn't it, about why you have the conversation. You're quite right what you said, you know, I got into a serious management position, I was running a lot of people and a lot of turnover and I was – inverted commas – an important person. I was forty-three and what I realised is the one thing I didn't have in my career was I hadn't run a public company and I realised that if I didn't do it soon I wouldn't get the chance. And if you put alongside that the fact that, you know, Arnold was going to go at some stage, and you just didn't know what was going to happen next and your fate might have a lot less to do with your own skills or worth and a lot more to do with, you know, the mechanics of how a new regime came in place, and it just felt a bit uncertain. So, and I mean and Logica was a much smaller business to the one that I was running too. I mean I think when I went there, I mean I made a redundancy programme, I think at the beginning. But I mean it was about 3,000 people, so it was quite small and it wasn't, I think it made a loss the year before I joined. So, you know, from running a business that made a huge amount of profit, this was not... So it wasn't, it wasn't an easy decision,

but as I say, I think the key thing for me was if I was going to do a public company I had to do it sooner rather than later and this was at least a tangible offer. And also I thought I could do something with it, because I mean Logica was an amazing company from a technology point of view. You looked at some of the things it had done. I mean it had put the first CHAPS system in, for example, it did satellite systems. You know, it did some seriously intellectually challenging stuff. So I sort of felt, you know, if there's that sort of an asset one ought to be able to make money out of it. And of course, the issue was, it had lost its way as a company. So the two founders, Philip Hughes and Len Taylor, had founded it and they'd taken it quite a way and then they retired from business and they'd not really got the succession right, frankly. And the whole thing was snootily academic. It was a bit more like a university than it was a business. And instead of thinking, okay, well we've done this, how do we package it up and sell it elsewhere, when the next application came along it was a bit like, well, that's tremendously interesting, now we used to do it like that this time, but I'll tell you what, it'll be far more interesting to try doing it a different way this time, so we'll do... So, you know, there was that sort of... I mean you had to have a huge egghead to work in Logica. I mean it was full of Oxford and Cambridge and, you know, graduates, and a huge smattering of PhDs. But it just didn't have the commercial edge and that was really, I mean coming out of, coming out of GEC obviously I had that and that's what I brought to the party. And when I got there I got really enthused by it. I mean the management needed a refresh and it was a classic case, Tom, of actually there were a hell of a lot of good people one or two layers down in the organisation who needed to be liberated, and I brought in some outsiders as well. I mean I was lucky, the finance director, Andrew Given was a class act, and I mean he was one of my closest business partners. And, you know, there were people like Duncan Craig and others who, you know, were, you know, knew their onions. I brought in some people from outside, largely I think I brought in about two or three people from GEC that I'd known, including my personnel director, Jim McKenna, who was to play a big role over the years. And, you know, we instituted the monthly review, you know. You know, where you sat down and you quizzed the people that were running the division on, you know, whether they were winning enough business, you know, whether they were making enough profit and what the hell were they going to do about it. I think I was in a huge culture shock and I think a lot of people felt very uncomfortable about me. [laughs] Probably quite wisely. But

anyway, it was, as I say, the key ingredients were there and we never looked back, frankly. It just kept getting bigger and bigger and bigger and more international. It was largely UK business when I started. I mean one of my mantras was, you know, just going back to what I was saying earlier, was we need to get repeatable solutions here, they've got to be value added, mission critical repeatable solutions. That was, you know, what we were looking at so that we could package it up and sell it again and sell it again. So I mean, and some of these systems, like in banking systems, you know, you could do that. Even for something which was pretty esoteric like stock exchange systems, for example, you know, might not be a huge number round the world. We also backed some quite good winners. So we got in right at the beginning of energy deregulation and our energy business got to be really substantial. Then we started to do some acquisitions, with mixed success at first, but we learnt a lot on the way. One of our big success stories was a small Irish company which was a leader in text, short message service centres that controlled text messages, called Aldiscon. I think we bought that, it was our first rights issue, I think round about 1996. A wonderful team of people, but of course we got in right at the beginning of the growth of texting and this mobile messaging business, wireless networks business got to be absolutely huge. In fact, it got to be a problem, because it got so huge that, you know, you- and you couldn't forecast it very easily, that was the other thing that was so difficult. And, you know, it was very difficult to explain to shareholders, you know, why this was a business that you couldn't, I think it wasn't like GEC where you had, you know, long time contracts where you knew what the business was going to be like, you either won the order or not won the order, might be issues over the level of profit if the project went wrong, but for a lot of stuff, particularly in the early days at Logica, you know, you might only have enough revenue – or sorry – might only have enough orders to cover six weeks of revenue. So, you know, forecasting in that environment was a really difficult thing to do. But anyway, it gave us, you know, we backed these winners. I mean it was a great time for the industry, the late nineties, no doubt about it at all, certainly in the run-up to the year 2000. So the combination of text messaging and Y2K, you know, was one of the big things for us. But we outperformed nearly everybody else in the business. I realised that if this business was to have a long-term future it had to be a successful international business, we couldn't just survive ultimately in the UK. I mean my first non-executive job was with Asda, I was a non-executive with Asda, round about this time actually, late

1990s, and we ended up selling the business to Walmart. But I mean one of the issues was we just ran out of mileage because, you know, we'd done very well on the back of large stores, but when everyone was going after large stores you'd reach saturation, so it was an issue of where the business went then. So if you didn't have an international capability, it did make it really hard to build, well, you couldn't build an international business like that. So a lot of the acquisitions were more and more focussed about, you know, building elsewhere. And we were opening up, we started in the Czech Republic not, you know, fairly soon afterwards to get, you know, space in Eastern Europe. We went to India, obviously, as outsourcing became more important in the late 1990s. You know, so the whole nature of the business changed from the UK being most of the business to the UK being, you know, barely a quarter of the business.

[0:53:25]

So did what Logica sold change substantially in that time then? I mean it was...

Well, it certainly sold, it changed because the evolution of our telecoms business, as I say, was far more around text messaging and payment solutions. It changed because of the energy deregulation and getting in at the beginning of that and building it. We certainly had much more repeatable solutions. I mean we moved from being one-offs to repeatable. The other big change of course was in outsourcing. I mean, of course, one of Logica's problems in the early days was that doing the support stuff was seen to be a bit tatty really, tacky, low intellectual content. And I remember we had a review that we did sometime in the nineties. It must have been about 1995, 1996, I guess, which said look, we're doing all the difficult stuff and, you know, we're making a margin of, I don't know what it was then, seven per cent maybe, and we've got companies like Hoskyns and Cap, I think, you know, who were doing the support stuff and they're making a bloody better margin of it and it's less risk, you know, why aren't we doing that? And I mean that was a mindset, as I say, for the eggheads, because that was the tacky, I mean if you were clever why would you do something tacky like support. So the move into that, and that was part of the motivation behind going to the Czech Republic, it was our first nearshore low cost support centre, and then obviously India was the same as well, our move into India. Which we did with a small acquisition to start with, but then we really built it up into a substantial office. I

mean not as big as a lot of other companies, but I think we were well over 3,000 people by the time I left. And we'd just opened in the Philippines as well, that was the other one that we sought to build. Yes, so to answer your question, the nature of the business had changed a lot and that whole business about, you know, the average order cover being three months, you know, you had six weeks at one end and long and stuff at the other, you know, that had really seriously changed and had extended. I mean I don't know what we were at the end, but we were probably nearer a year than we were to three months, which is a, you know, it does help.

[0:56:22]

So can I ask you about what you saw other people doing at that time? I mean the story you tell about Logica as you found it when you went in there isn't unfamiliar to somebody like me who worked in Scicon and then SD-Scicon and, you know, I mean there are other businesses around not dissimilar at that time like [phone ringing]... Sciences. And, you know, they all seem to have the same kind of problem, that they're clever people who'd built up a good business but kind of didn't know where to take it next. And I mean do you recognise that as a kind of British software house phenomenon?

Oh, it was. Look, I mean one of the things that, you know, one should reflect on, and I did very much during the late 1990s, was that all these British software houses [phone ringing] got taken over.

[pause to take phone call]

And that was a very sad thing, very sad thing. It could have gone the other way, I mean, trying to get it right. I think Cap... Hoskyns, wasn't it, EDS bought SD-Scicon.

Yeah.

I mean I think the Cap thing, you know, could have gone the other way. I found, I mean one of the things I tried to get Weinstock to consider at GEC was purchasing Hoskyns, but again, he didn't really get that. So I mean actually, Tom, one of the big

motivators for me – I mean I did fourteen years at Logica and I made a lot of money out of it – but one of the big motivations for me, particularly, you know, I mean you get to a point where you're not working for money, very fortunate position to be, my, the fascination, the thing that drove me more than anything else was a wish that Britain should have one UK headquartered, UK listed significant global player in the software industry. And I, this is something, which reflecting on sort of over the length of my career, you know, I have seen so many British firms taken over, I've been on the boards of a good number of them – Asda, Boots, Invensys, you know, there's a long list, Laird, where I was chairman. And one of the problems I think we have here is I think our investor framework is a lot less inclined to look at the long term. Over the years everything's become a lot more short term, but I think that's been particularly true in the UK. I mean I have some sympathy because, well, let's put it like this, when I went to Logica and the first time I saw investors, you could sit down and have a conversation which, you know, you'd say, look, this is what I think about the company, this is what I'm trying to do with it over the next three years and, you know, people would buy into that and they would back you. When I, if you go forward to, well when I left Logica in 2007, you know, first of all the shareholders were under pressure, they were being judged by pension funds on quarterly returns. The whole- and what you found is the proportion of shareholders that had been on your register since the last AGM, you know, was getting bigger and bigger and bigger. So instead of having long-term holders, you know, you were getting people who were in and out like a yoyo. So that, everyone was focussed around the short term, so if you were trying to do something which was focussed on the long-term development for success of the company, you know, it was really difficult. And, you know, I fell out with my shareholders over that and, you know, I can understand from where they were coming from they were interested in returns now, and I say my head was much more on how do we make this a world, consistent world leader, you know, in the future. So there's that, you know. And I don't think, I mean the other problem is, investors in the UK do not really understand technology in the way investors in the US are and the appetite for taking a long-term view, you know, as you've seen with so many American tech companies, we don't really have it here. So it's a major national problem and as I say, it's not just a tech company problem as well. I've seen, I think the stock market in the UK gives much lower valuations than it deserves. I mean a very good example was Invensys, where I was on the board, and, you know, we, our

share price, you know, bumped along and we ended up with Siemens making an offer for our rail business which was about a third of the business. And they were prepared to pay the value of the whole business for a third of the business. So, and it was because they were taking a strategic view of the importance of the business and looking further ahead. Our shareholders weren't, and when we sold the whole of the business, ultimately – and it was, again, it was a similar story – we had a French company that was willing, you know, take a much more strategic view, and of course to some extent they could because you tended to have more supportive, more nationalist thinking shareholders in France and Germany than you did in the UK. I mean one of our strengths is having an open system, but the other side of the coin is that, you know, it's far easier for companies to be taken over in the UK and because shareholders don't put the right value on the underlying net worth, you know, they sell. And the end result is, you know, if you look at the number of listed companies in the UK today, it is a fraction of what it was twenty years ago. And personally I don't think that's very healthy for the UK actually. I mean if you take, I mean Logica got taken over about five years after I left. And, you know, my- it's perhaps not the most extreme example, but what tends to happen is, firstly the high value ended jobs go. So if you think about Logica, you know, the board, the very senior management, you know, was all UK-based, so you had those high value jobs, and all the support infrastructure that went round that in terms of other jobs. We were very international, but there was always a prejudice that if there was a bit of R&D work to be done we would have a bias to do it in the UK. And we paid a lot of tax. So, you know, when these businesses get taken over, is a lot of the high value added jobs go and the balance sheet is arranged so that, you know, a lot gets paid out as interest and very little gets, a lot less gets retained as taxable income and therefore the Exchequer loses. So this is, as I say, where I think it's... I don't know what the answer is, not completely, but I do think it's a very sad trend actually of what we've seen.

[1:04:39]

So there was a phenomenon about that time that non-IT companies owned IT companies, like Scicon of course was part-owned by BP and SD was part-owned by British Aerospace and both of those sold out on the software houses and put them into play. I mean have you got any thoughts on that? I mean why were those, did those people not understand what owning an IT company meant?

Oh, I'm sure that was part of the issue. I mean these things are started off really as in-house IT departments to support the business. They got bigger, they started to diversify. Of course, part of the issue is, you had managements that didn't really understand them. That's not surprising, I mean if you were BP your job's oil, basically, isn't it? So I can sort of get the logic of floating them off, you know, to some extent, but I think the damage, as I say, was done because, largely because the shareholders wouldn't support them as they grew and, you know, if they were listed companies then they were just gobbled up by bigger overseas businesses who were quicker at consolidating and had more support of shareholders.

What about some of the companies who were doing really well at that time? I'm thinking notably of Accenture or Andersen Consulting, as they used to be called. I mean, what's their secret then?

D'you know, I think the Logica people called them androids because they...

They did, yeah.

... they all went through a sort of... Well, I think, yeah, it was a very successful company and it- but it had a lot of resource behind it, I think, that enabled it to take a longer term view of development and to... I mean in Logica it was very difficult to back something for a long time that wasn't making money, you know, partly because of the shareholder pressure. But, you know, Accenture had a much bigger base to support its businesses and, you know, could afford to invest more, basically. But I mean it was a good business and it certainly was one of our biggest competitors in the high value added, so electronic funds transfer, I mean, you know, which was a big thing for us and, you know, we competed against Accenture and we were always delighted when we beat them, but...

[0:07:34]

So why did you move on from Logica in the end?

Well, so, you know, we went through the dot-com boom – just a few words about it – we went through the dot-com boom. I mean Logica had done, in relative terms, very well, but I mean I can remember Andrew Given coming in one day and saying, I don't understand this, the share price has gone up by another pound today, I just don't understand why. You know, so in some ways it was an unsustainable boom. As I say, we made a lot of money on the back of it. Then you had the crash. And actually, it's an interesting reflection, you know, because there were a few years after the crash where we made very little money on incentive schemes, but in many ways, Tom, I think we were working harder that we worked in the boom, you know. But the great thing about having worked in somewhere like GEC is if there's a crisis, you know, you roll up your sleeves and you get on with it. What I did recognise though, after the crash, was that the world was changing. I think customers more and more wanted to do business with a smaller number of international companies that they had the confidence could support them round the globe and for the long term. So it seemed to me that Logica was either going to be a consolidator or consolidatee. And that's really what led to the merger with CMG, which I think was one of the most fascinating exercises. I mean they were actually bigger than us, but because they geared their balance sheet to so much debt they were in dire straits. So I think something like, Logica shareholders got over sixty per cent, I think, probably two-thirds of the value of the company even though CMG was bigger. But that changed us from being 10,000 to 20,000 people, it gave us a really significant business in the Netherlands, you know, it did things for us, it helped us in Germany and France as well. And there were some quite complementary things, you know, Logica brought the international dimension, CMG was more support orientated in many ways. It had a, it was our big competitor in wireless text messaging, short message service centres, and that was a business that had boomed and needed consolidation. And it was a great cultural journey in terms of – and I do regard it as one of my biggest successes - bringing two very different cultures together and making it work as a single entity. That was just absolutely fascinating. We always think the Dutch are very similar to us in many ways, they speak English so well, but there are some really quite interesting significant cultural differences. You know, and it was great the way it all came together. And then we progressively did bigger deals, so we bought Unilog in France. We're talking about sort of 6/700 million, that sort of area, and then WM-data in Sweden. And I think my shareholders were running out of patience with me

then because I was doing these deals for long-term benefit, they were focussed on next quarter's results. So, you know, I would say it was a more prickly relationship. And then we had a project in the UK that had gone wrong, so, and I just got to the point, to be quite honest, I said I've done this for fourteen years, it's just harder work now to get the support of the shareholders, you know, it's time to move on, I was fifty-seven at that point. Logica was undoubtedly, you know, I mean it was fantastic. And the colleagues from that era, I'm sure a lot of those go-go, you know, the go-go time for IT, I'm sure if you talk to people, or for yourself, you know, Scicon, Cap, you know, they will have sort of similar sorts of memories in many ways. You know, wonderful relationships that have lasted, you know, testament of time. And the sense of creation, I mean we took a business from 3,000 people, mostly in the UK, to 40,000 people globally, roughly half the world's text messages were running over our software, I think a third of the world's satellites had Logica systems in them in one form. We were transferring about five trillion dollars a day over our electronic systems on funds transfer. You know, these were great things, so, but you know, after fourteen years, as I say, I was, I felt if I wasn't going to get the support for the longer term it was just time to move on.

[1:13:04]

So, you know, at that point, fifty-seven, I moved into effectively portfolio life. I was still on the board of British Airways at that time. It was a funny feeling, actually, when you've, every moment of your day is taken up with something, suddenly to find that you didn't have much in the diary. As I say, I had British Airways, I was a trustee of a few things. And it probably took two years, actually, before I put together a portfolio that I thought was right for me. You know, I went on the board of Invensys, we talked on Invensys. Aegis, which was a fascinating company because it was basically a media advertising company, and it was going great guns, we were just about to go into the FTSE 100, but I mean there's another case, Tom, Denso, the Japanese company, made an offer, I can't remember what the premium was, but it was huge, and I think we decided we couldn't look shareholders in the eye and tell them that we'd turned down a premium of that size, and so a great British company was sold, really. But Denso again, took a very strategic view that our shareholders wouldn't take. Anyway, I've drifted off, so Invensys, Aegis. Lloyds of London. Now that was fascinating, I have to say, very different, first time I'd done something in financial services, and I did nine years on that board, which was a very interesting

time. And then I, Gus O'Donnell, who was the Cabinet Secretary at the time I left Logica, you know, and I got to know him pretty well, asked if I'd do a review for Yvette Cooper in the Labour government on the efficiency of back offices services in IT in the public sector. And that brought me in, I mean I spent quite a bit of time, you know, doing stuff for government. I sat on the coalition government's Efficiency and Reform Board for five years and I did quite a lot of that, over that period I was, did a lot of the major project reviews at various times, including Universal Credit. In fact it was, I told David Cameron that he really shouldn't give commitments about when this was going to be put in place because I didn't believe the plans. And I did another review on management information. And then I was asked to set up and chair the government companies that were put in place to manage the contracts from electricity deregulation, so the Low Carbon Contracts Company and Electricity Settlements Company. I mean that was fascinating because I had to start it up from scratch, literally, and recruit a board and a chief executive. And then I've been chairing the Senior Salaries Review Body for six years for the government as well, and that advises on the pay of generals, judges, top civil servants, chief police officers and top people in the NHS. So I think in many ways those – what is it now – it's another fourteen years, it's almost as long as I ran Logica. They've been extremely rewarding, but in a very different way. I mean you're not the man that's running it. You know, you're advising and you're guiding and all the rest of it and I think as you get older, you don't get much for being old, but you do get a lot of experience. And I mean one of the fascinating things is spending time with one of my chief executives now. You know, conversation might be, well you know what, I tried to do that once and it didn't work, but if you're really intent on doing it, you know, I would make sure you do *x*, *y* and *z*. And it's really interesting to see the way- they might not have done it exactly the way you recommended, but you can see that they've gone away and they've had a major rethink. And you think, well, you know, that's experience being passed on.

[1:17:21]

And you had to change your style then?

Oh yeah. Yeah, yeah, yeah. I mean actually it was a big problem, Tom, when I started because I'd been such a hands-on chief executive at Logica, I don't think

anyone thought I couldn't be anything else. I mean it was frustrating because, you know, I'd been on the boards of Asda, Boots and British Airways and you have a different persona then. I did have to learn to slow down though, as I say, you go at a hundred miles an hour when you're running a big company. But I think the really important thing is, people who go on to be non-executive directors, and particularly chairman, the really important thing is not to have an ego in the sense of feeling that you've got something to prove. And I felt I proved it all, you know, at the end of my time at Logica, so I didn't need to go centre stage, I didn't feel it was me trying to prove something, you know, it was all, it was on the record, if I can put it like that. So I think it does make it – and the other thing I'd say about my portfolio life is it's been extremely varied, I mean I've done so many different types of things. You know, I've been a trustee of Shelter, the homelessness charity, I'm on the council of The Globe, Shakespeare's Globe. You know, and I've advised private equity companies and a couple of Indian technology companies over the time as well, as well as, you know, being a non-executive director of big companies and a chairman of big companies. And, you know, the companies themselves are very diverse; media, transport, financial services. I've almost come full circle with Wincanton because it's in logistics, which is where I started my career.

[1:19:20]

Well, we're nearly out of time. Can I just ask you two questions? One is about what advice would you give to a young person today, let's say coming out of their DPhil at Oxford and thinking what to do next, would you advise them to, well, I was going to say would you advise them to look at IT as a career, but let's make it wider than that, where would you point them?

I think in the formative stages of your career, you need to be somewhere where you can learn a lot and you can get a lot of experience by working for impressive people and in an environment that is challenging and subject to change. I also said earlier on that I think there's two things you should try and do before you get to thirty. One is to live abroad or work abroad for a couple of years, and the other is to do something that involves selling. Because I think there's nothing harder than- [laughs], I was turning up in South Africa, you'd have to persuade the receptionist to get a guy who was busy, didn't really want to be disturbed and certainly didn't want to talk to a, you

know, a junior nerd, you know, to persuade the receptionist to get him to see you and have a chat. And life is so much about, you know, being able to, not just about sort of in pure selling, but life is so much about being able to engage with people, find a way in and get your arguments across. So I would tip those very high indeed. I think as you move on, you have got more options then, because you can start to use what you've learnt, but I do think going somewhere where there's good working practices, good management, serious people running it, complex organisation, subject to change, you know, I'd put quite a big premium on those things. And I'd also say don't move too quickly or too often, I think that's a mistake other people make. I mean at that stage in your career, you know, anything more than two years is fine, but I mean I still have a prejudice today, I don't know whether it's just me, but if I look at a CV and see that people have, you know, been moving every couple of years, particularly when they're getting to their latter career, I'm sort of thinking, well, I don't give much for your chances of staying here for two years if your track record is you never stay.

So looking back on all of that, what are you most proud of in your...?

Oh golly, Tom, you know, you can't... that's an impossible question.

Too many things to say?

Well, there's no doubt, there's no doubt that taking Logica from 3,000 people to 40,000 people, you know, and taking it from a small, a small, small cap listed business to something which, well it was, for a long time we were in the FTSE 100, in fact I think at one stage our market cap was bigger than Unilever. But, you know, a very solid, global, large, listed business, I think that was, you know, you'd have to say. And it was so enjoyable, you know, as well, travelling round the world. So I mean I think you'd probably have to say that.

Very good. Well, thank you ever so much for your time. I'm sure we could go on for hours, but...

[laughs] Right, okay.

I've very much enjoyed talking to you. Thank you very much for your time today.

You're very welcome, Tom.

[end of recording]