The Past and Future of Australian Innovations in Information and Communication Technology (ICT)

Oral History Interview

02

Brian Finn

Interviewed by:

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Project Summary

This interview is part of a series of oral history interviews undertaken by the Pearcey Foundation and the University of Sydney as part of the project 'The Past and Future of Australian Innovations in Information and Communication Technology (ICT)'. The series interviewed recipients admitted into the Pearcey Hall of Fame from 2003 to 2020. The hall of fame recognizes outstanding life-time contribution to ICT in Australia in business, research and government. Each oral history captures a short biography of individuals who made an outstanding contribution to ICT in Australia. They also collect insights on aspects that had a lasting effect on ICT innovations in Australia, positive as well as negative from approximately the 1960s to the 2010s. Interviews lasted about 60-90 minutes and were conducted by Sebastian Boell, Graeme Philipson, Peter Thorne, Kai Riemer, Sandra Peter and Belinda Wang. The complete set of interviews in this series is archived by the Pearcey Foundation.

Key Points Covered in this Oral History

1. Human capital is more critical for the success of an innovation, therefore getting qualified people and providing adequate training or education can help the overall innovation system.

2. The missing element in Australia is not the government support but the investment climate and infrastructure. Therefore organizations, such as the Gold coast Innovation Centre, are beneficial for building up the climate and helping creative young entrepreneurs.

3. Allocating money as government support creates problems at a later phase of the innovation, as the government will have tight control of the business and will increase many bureaucratic processes which small businesses owners. Therefore, supporting entrepreneurs by providing tax benefits for innovation investors will be more effective for innovation success.

4. Australia has not exploited the opportunity with big corporations, they have an existing network to prompt innovation and help with the development and commercialization of ideas.

Biography

Brian Finn AO

Former CEO of IBM
Pearcey Hall of Fame in 2010

Executive, Honoris Causa

Thomas Brian Finn was born in 1937 into a Catholic family in Newcastle upon Tyne in north-east England. He attended Walker Roman Catholic School and St Cuthbert's Grammar School Newcastle. He was employed for two years after leaving school as a costing clerk at a Tyneside industrial oil seal company called George Angus.

He then went into the British Army in 1956 for compulsory National Service. After two years in the Army as an ammunition examiner, he joined IBM in Newcastle as a systems service representative, installing customer applications on punched card equipment.

He rose quickly at IBM, which recognised his intelligence and his people skills. His first senior position, in the early 1970s, was as head of marketing for IBM United Kingdom. It was in that position when he married Ivy Harding in London in 1973. They were to have four sons and a daughter.

Later that year he was posted to Houston, Texas to become Software Development Manager for IBM's Federal Systems Division. Then in 1975 he became head of IBM for all of the Indian subcontinent (based in New Delhi), and then for all of Asia outside of Japan (based in Hong Kong).

In 1980 Finn became Chief Executive of IBM Australia, one of the company's most important international subsidiaries. He held the position until 1993, and was Chairman from 1991 to 1998 (Non-executive after 1993). He became a naturalised Australian citizen in 1989. He developed a great love for the country and came to regard himself as Australian, but he never lost his Geordie accent.

During and after this time with IBM Australia he served as a Director or Chairman of many leading Australian companies and organisations. The most prominent of these were Chairman of the National Science and Technology Centre (1989-1997), Director of Telstra (1991-1996), Director of National Mutual (later AXA — 1992-2006), Director of Southcorp (1994-2005, Chairman 2002-2005), Chairman of the Sydney Ports Corporation (1995-1998), and Chairman of the Vita Group (1998-2008).

In 1991 he chaired the Australian Education Council Review of Post-Compulsory Education. The Council comprised State and Federal Education Ministers. Its report became known as The Finn Report, and its recommendations led to the establishment of the Australian National Training Authority, which Finn chaired from 1992 to 1995.

In his semi-retirement he moved to the Gold Coast, where he was Chairman of the Gold Coast innovation Centre from 2008 to 2013. He was also Chairman of farm machinery company Chesterfield Australia in 2011 to 2017, when he finally retired, aged 80.

During his time at IBM Australia he was one of the most high-profile figures in the Australian ICT vendor community. He was well known for his down-to-earth affability and his work ethic. These were very important years for IBM Australia. They included the introduction of the IBM PC into the country; the fierce battles with Amdahl, NAS (later HDS) and Fujitsu over IBM mainframe compatibility); the challenge from minicomputers and open systems; and -most importantly- the beginnings of IBM's transition to a services-based company.

He oversaw the opening of IBM Australia's new headquarters in the northern Sydney suburb of Cumberland Forest in 1983. Set in a leafy bushland setting, it won architectural awards, and for a generation of the Australian computer industry the trek out to IBM's corporate HQ was an important part of their professional lives. IBM sales and marketing staff remained in the CBD and North Sydney, and IBM moved out of the Cumberland Forest building in 2019 after the number of headquarters staff dwindled as IBM evolved to a very different company from what it was in the 1980s.

Brian Finn never completed any formal tertiary education, but more than made up for it when he was made a Fellow of the University of Technology Sydney (1989), and when he received Honorary Doctorates from the University of Western Sydney, where he had served on the Board of Governors (1999), Griffith University (2001), and the University of Wollongong (2004).

He was made an Officer of the Order of Australia (AO) in 1990 for services to business, industry and education, and was awarded the Centenary medal in 2001 for services to Australian society through technological industries. He was inducted into the Pearcey Hall of Fame in 2010.

Interview Transcript

Date of interview: Thursday 27 August 2020

I had a reunion about two weeks ago with about 20 of the people who were involved in the project from Exxon and from IBM. Several copies of that program are still running in various oil refineries around the world 40 years later, so it's been quite an interesting development. And after that my then boss Ralph Pfeiffer, who was running IBM in the Americas Far East, was the Senior Vice President.

Ralph asked me if I would go to India. So I went to India and IBM was in serious difficulties with the Indian Government. At that time the Indian Government wanted IBM to dilute its equity ownership from 100%, having been established on that basis in about 1939, so many, many years earlier. IBM, I think understandably, didn't want to do that. And therefore, we had to change the basis of operations and move entirely to an offshore operation. My job was to try and negotiate to avoid that from happening. But I wasn't successful.

That was the era of the so- called LicenseRaj. Correct?
Yeah, that's correct. It stemmed from that and the government. IBM had this kind of problem around the world on a number of occasions, most notably in Japan, and has always been able to convince the host nation that they should grandfather significant changes in ownership laws. And we were hopeful that we'd be able to do that in the case of India, but we could not.

Incidentally, I think it was an object lesson. If you have to have a disagreement, at least have it on a businesslike, firm and friendly basis. I say that because today, IBM has 145,000 employees in India. It's a wholly owned subsidiary of the IBM Corporation again, so quite interesting.

From there, my boss, instead of getting me back to the US, which is where we'd originally planned, asked me to go to Hong Kong and run the business in all of Southern Asia and right across Asia with the exception of Japan. So that included the potentially burgeoning business in China as well. And I did that for a couple of years. Then lo and behold, his next bright idea instead of coming back to the US was to come to Australia, which I did. My wife and family came partway through. It really felt that we'd been too long not in the United States, never really having lived there except for a couple of years. And we were very grateful to be able to settle in Australia and become Australian citizens.

That was 1980?
I came to IBM Australia. I hoped that wasn't too long, by the way, but never mind.

No, that's a very good thing. So had you previously been to Australia?
Never. I had not. I'd never been to India and I hadn't been to Hong Kong.

What were your initial impressions of Australia?
I loved it. I mean, the people, we all speak the same language. The accents are different, but there are plenty of them. And I have to say, I think it was a shock to the people of IBM Australia. First of all, Alan Moyes, my predecessor who'd been there 26 years, Alan was no longer the CEO, although, of course, he stayed on as a non-executive and chairman for a number of years. But it was a shock. Alan was no longer there. That in itself was a surprise. But what was even more surprising was this Pom who had come out of nowhere, this Brian who was taking over the running of their company. But it was a nice introduction and people were friendly and helpful. Although they still, for the first year we're trying to figure out what had happened and how this had come about.

Yeah. So 1980 it was a really interesting time in the in the industry. The IBM PC was released shortly afterwards. The PC was a big deal, did it take you a while to become a PC convert or realize that these machines were not just toys?
Well, the PC was very important to IBM and in Australia because we had previously been manufacturing typewriters in Wangaratta. And it was pretty clear that the typewriter was coming to the end of its useful life as an office machine. And governments were pressing companies in the IT industry to do more rather than do less. That was really a rather frightening prospect. Would there be any backlash from that? Fortunately, I had, in my time in the US, become friendly with Don Estridge. It's amazing, you meet people at one point in their career and they move on, and you'll see them again. And Don was the father of the PC in IBM. Don came out on a visit and I explained to him the issue with a typewriter and he said, Well, why don't you make the PC here and I'll arrange that for you. So, it was happenstance really and in we came with the PC. The PC was important to me in a kind of managerial and company sense rather than in a technical device sense although obviously it is important.

Okay, well, let's come back to the Wangaratta PC factory, because that's quite important. I did go to the opening of that as a journalist, we had a great lunch at Brown Brothers. Can we just go through briefly but as much as you want actually, the remainder of your career with IBM in Australia, the highlights and lowlights, if you like.
I think the highlights were that IBM had dented its reputation over protesting at the award of a bid at the Australian Bureau of Statistics to one of our competitors.

Fujitsu. I'm very aware of that issue.
And that didn't go down at all well, and understandably so. And it hurt. The people in the company were damaged by it. It's not good to be in such a position.

So, while I was quite close to Fujitsu, you know, about four years ago, I wrote the corporate history of the first 40 years and it's failure. So, I followed that closely at the time, but also read up on it quite substantially subsequently.
So that was not a good time to come and take over, in a sense. One of the things that I really felt very good about and I still do, I think it was three years later, 1983 the Australian newspaper had a poll of business people about Most Admired Companies. And there were two companies in the number one position. One was LendLease and the other was IBM. I thought that was just terrific. I really felt very good about that. Given that we'd been in this rather difficult position in the media, and nobody likes a sore loser. But to have recovered in a public sense, and receive that recognition, I felt it was a really big thing. The other thing that was very important to IBM at that time, if you recall was when the banks were merging. Six banks came down to form the four big ones. And I don't think anybody believed it would be possible for one IT company to win all four banks. But we did. And they remained solid IBM customers really pretty well through the period, after that, for about another 10 years they didn't diverge away from IBM and that was an important thing for the IBM company. And it was important to our public image and to our feelings of prestige and self-esteem. So that was it. That was a pretty good time. The PC was very important. I really can't think of any other highlights in terms of what happens structurally with IBM. The company went on it progressed, it was successful.

But you were instrumental were you not in moving IBM Australia to a services company? And with the joint venture with LendLease?
Yes, that was right towards the end of my time. Yeah. Go see actions were beginning. And of course, they didn't go on for very long. It was Doug Elix, who succeeded me who completed those arrangements. We've been quite close to LendLease in an odd sort of way. LendLease were not IBM customers. For a long, long period of time, although MLC, which LendLease acquired, was a big IBM customer and continued to be so under John Morshel, who went on to run one of the banks.

But after you stopped being CEO, you remained chairman for a few more years?
Yes, I did. And I guess I then had a second career which was not in IT at all because I was fortunate enough. IBM was really good as far as I approached retirement. They were kind enough to allow me and encouraged me to take on opportunities to be a director of other external companies,

Which is a pretty impressive list South Corp, Telstra, National Mutual, chairman of Sydney Ports Corporation. I'm just reading off my own biography of you here. Yeah. Yeah.
But some of those also came about because IBM allowed me, and indeed encouraged me, to become active in education in a structural sense. The company has always felt that executives should try and participate in a positive and contributory sense in the external community. You have to be careful about that. Because it's not IBM's style to get involved in things that are hugely provocative and controversial. But education seemed to be a pretty good area of endeavour because the future of our nation and any nation is very much dependent upon the quality of the education system. So IBM encouraged me to get involved in things like the National Board of Employment, Education and Training. And after I left IBM, well, during my IBM time actually, I did a review of post compulsory education.

Now you chaired the Australian Education Council review of post compulsory education and composed the report that though you produced as chairman, became known as the FinnReport.
The Finn review, it was sometimes called Yeah.

It recommended the establishment of the National Training authority which you chaired?
Yes, I did. And that was because the Feds wanted to put more money into vocational education, which of course is administered by the states. And there were concerns that the states would not apply the additional funding in the way that the federal government wished it to be applied. So in Liberal government fashion, they set up another body to look after their money, which was adding their point of view. Yeah. But that was really quite important because at that time, it was becoming clear that many, many students were staying on to years 11 and 12 to do subjects which were really to prepare them for university. When lots of them, a significant number, either didn't wish to go to university or, in some cases weren't at that stage in their careers, where they could fit university. So the notion of the Finn Report was to try to bring in to those Post compulsory days some vocational alternatives, while still encouraging young people to do English, Maths, Physics and the Science subjects so as to try and use that period productively to continue the important elements of education. Important in my view, like, as I said, English and so on, but also the to give them an opportunity to start being introduced to vocational subjects as opposed to leaving school and forget about English or forget about Maths. That's all behind you. It's finished. You don't need to know any more. That was the real thrust of it will probably come about with a revisit of the area of training and vocational education.

Maybe I can quickly follow up on the Finn Report. So what role did ICT or information and communication technology and your interest in that, play in the Finn report?
Well, not a great deal in a specific sense. But my input to it was significantly influenced by the fact that I never went to university. That never bothered IBM. And in a sense IBM gave me while I was an employee, the education that I didn't have in my school years. And so, I was heavily influenced by that experience. In trying to get into the Finn Report the fact that you really don't have to go to university, necessarily, to be successful. There are many other reasons why you should go. But it's not vital that you do go to university and study a specific subject indeed, again, influenced by IBM. IBM rarely would hire people who had a computer science degree we would rather hire people who demonstrated that they were good communicators and were willing to apply themselves. They kept after their studies, and they really worked hard at it. And we would teach them computing and information technology, not the universities.

So would you say that these kind of soft skills were more important to IBM than specific technical skills such as having learned a programming language?
Absolutely. And philosophically, the reason for that is because it's still okay, so the timescales have shortened but if you worked for IBM for a lifetime, which was then the perspective that you had, you would have to be completely retrained every three to five years. Surreptitiously, you wouldn't necessarily recognize it as that but you were always being educated, re educated, or updated with additional skills. And so that was a variable important aspect of hiring people. If you're going to have to retrain them three years down the track, why are you worried about what they know when they're coming through the door? So, when you came through the door at IBM, the first thing you did was you went to school for a year. And not all in the classroom but part of it in the classroom and then part of it in the field.

Do you think this has changed now that IBM is much more a service company or that the IT industry has shifted? Or do you think it's still similar skills that are needed from graduates in the year 2020?
I think it has changed although IBM, I'm not sure about IBM in Australia, but certainly IBM in the US is hiring people from high school and training them and that's a determined effort and purposeful effort on their part. But IBM has changed because in my day, IBM was a job for life, as long as you conducted yourself properly. In other words, there was a saying in IBM, there are no redundancies in IBM. And up until 1992, that was the case, pretty well. And so you really had a job for life. Well, I don't think IBM even suggests that you've got a job for life anymore. I'm not sufficiently in tune with IBM today but I suspect that continual retraining aspect of IBM in my day, has gone now, probably necessarily, so.

There's a big emphasis on training. I got my students to read something from Harvard Business Review, where IBM monitors how people interact and what projects they work on in order to tailor specific training programs. So I think it's still a big part of IBM.
It will be. Retraining people will still be a big part of it, but not on a 30 year, timespan, as it was in my day.

I have another question going back all the way to the beginning. You were working in the in the army as an ammunitions examiner. How do you come from being an ammunition examiners to being interested in IBM? And were you interested in computing at the time? How did you become interested or involved in computing?
The bit about me ammunitions examining, I was studying to be an accountant. And at that time, you had to do two years compulsory national service. So you could fill in the form of what would you like to do when you are conscripted for National Service? I thought, well, I'm studying to be an accountant. So why don't I applied to be in the Royal Army payroll, but in typical governmental fashion, when I got the papers, it said, Congratulations, you're coming on such and such a date. And you'll be joining the Royal Army Ordnance Corps. And I still can't believe this: the first thing after the induction, which was six weeks, was that I then went on a 12 month course, to learn about ammunition and bomb disposal and blowing up things and God knows what else. Out of a two year period, I spent the first year being taught. Well, when I came out of the army, I really didn't want to go back to what I was doing. And I saw this ad for people to be employed as what was then called system service. So you went and you wired up control panels on punch card accounting machines for customers to get their applications running. And it was a job. And it was a different job than the one I'd

had and it was a job where you met different people in different industries. So that appealed. In fact, computing in practical terms didn't exist.

Did you have to do the famous IBM aptitude test?
I did. And I must have passed, either that or otherwise they were so hard up.

Essentially an IQ test?
Well, yeah, just a logic test, you know, complete a series of numbers. And yeah, typical stuff that you would see in the newspapers. So, I joined as most people did right at the bottom of the company and learned to plug punch card accounting machine panels, but I learned a lot about computer applications and how to deal with customers. It was a great time, great time. But no, I didn't have any thoughts. Well, nobody would have very few people would have thought about computing at that time.

Now, that was 58, 1959. There wasn't a lot of commercial computing then and even in the UK.
Not really, in IBM terms commercial computing really started with the advent of the IBM 1401, towards the end of 1959.

Which came out at about the time you joined the company.
That's exactly right. The profession I joined in no longer existed because punch card accounting machines were gone. And I then became what was called a systems engineer. Yeah. And did much the same job but working on computing.

You must have transferred to sales pretty quickly though, to move into marketing from there?.
Yeah, I did, as a systems engineer. The idea of systems engineering at that time was that salesmen used to sell the equipment and they would also be responsible for getting the applications working and running. Well, that wasn't very productive. The idea of systems engineering was that the applications work would be done by systems engineers and salespeople would go on to the next find. So yes, I transferred quite quickly and then went to London to work in the education department. Running sales training.

Then one thing led to another. We pivot the conversation a bit. Now I'd like to ask you specifically about innovation. I'll read out question I asked to make it easier. Looking back on your career, how would you describe the most innovative IT projects you were involved with?
There's no doubt the most innovative one, was very hands on when I was the systems manager for the advanced control system, which was, as I mentioned before was to work on the Exxon oil refineries which are fully automated now. Automation didn't really exist at that point in time. And the notion of these two particular implementations was you specified the crude oil that you had at the entry point to the refinery and you specified the gasoline product you wanted at the output end of the refinery, how much oil, gas, avgas, 98 Octane whatever. And you press start. And that's what happened.

Before you went to India?
Yes, that was hugely innovative. never been done before. And I might tell you that the project, when I got there was in serious difficulty. Yeah, you mentioned earlier, hugely overspent. No

end in sight. Had been several million dollars spent and figuratively speaking, if you hit the start button, nothing happened? Absolutely nothing happened.

And what about in Australia? Once you came to Australia, what innovation projects were you involved in?
Well as CEO, I mean, I was not involved at that level I had been. I was here IT in the ACS (Advanced Control System)as project manager, managing Exxon people and managing IBM people in Federal Systems Division and so on. But coming to Australia, as CEO, you're not really involved in that kind of activity. But I still think that in particular, the way many of the banks went around, adapting to the changes in the banking industry was very innovative.

Yeah, were you very involved with Westpac CS 90s and the late 80s.
Yes, I was. Yeah.

That's long forgotten now, but in the second ever issue of MIS magazine. We Did a retrospective on what went wrong with that. And I was just reading it the other day because it's important source material for the history I'm writing and understanding is that IBM federal system division in the US, became very involved with that. And the intention was to build to use the products that Westpac wanted to build, as prototypes for software to be sold by IBM around the world. Was that the case?
No, not really. This was a huge project and it was an important undertaking for Westpac and they wanted some external help in undertaking the implementation. In part because of my previous history on the Advanced control system, I'd work in the Federal Systems Division. Yeah, I was in that division. Physically. I was part of it. And so I called up the fellow who was then running the FSD, who had been the program manager for the ACS project. He'd been in charge of the FSD staff who were actually writing the programs and he was now running it. I called him and asked him if they would do the work at Westpac and FSD. They normally didn't go outside of the country, and they didn't go outside of supporting the US government, but they did. And a fellow called Neil Eastman, was part of FSD. He was attached to Westpac for that project. The project implementation went very well, there were performance hurdles, and payment was partly on a fixed price basis, with an accelerator: an incentive if you achieve the milestones. And throughout that period, the FSD people achieved all of the milestones. So I mean, something had been done that was pretty successful. It's not for me to interpret what happened in Westpac, but I'll make a comment, nevertheless, that there were a lot of managerial changes starting at the chairman and the CEO. And whenever that kind of thing happens, and incidentally, this was a large project by Westpac standards, and there were some animosities within the Westpac team, which is inevitable and as a result of the turmoil resulted from managerial changes and difficulties in communication in the, in the IT structure in Westpac, it fell foul of the need and the desire to take a new look. Some people who were believers in CS90, it doesn't matter what it was called. Believers in a big investment for the future. And there were other people who said to hell with that, we should be spending money on other things.

Yes, I remember when I was editor of Computer World in the late 80s. Westpac ordered what we call the six pack of IBM mainframes.
Yeah, that's probably right. Yeah, I do remember.

Summarize what happened at the Westpac project. What was it about? Sorry, I'm a bit on the sidelines.
It was a project to rebuild the entire core banking systems. CS90 Core Systems 1990. That's correct. Yeah, and that's because the original work had been done in the mid 80s. They'd been manipulating and changing it progressively as they went through time and it was, as any computer system does, if you continue to do that for too long or for a lengthy period of time it just became unmanageable and you have to start again. There are diffrerent views on how to do that.

When we talk about innovation, we often talk about the mindset that you need for cultural change. From what you're saying, I figured that that may have been part of the problems within Westpac of fear of change or fear of innovation. I know you can't talk for Westpac, but what's your view of the industry, from IBM's view?
I think it was because of the very important changes: the Chairman and CEO, and Chief Financial Officer and the person running the bank. They all changed. Yeah. And so there wasn't the implicit commitment of having invented it and been party to it. Indeed, there was a view that says, "Well, I didn't buy into this. Why the hell are we spending all this money?"
And so I mean, I really think it was just human nature. Yeah, it could have been anything. But you get a change in top management structure. And the biggest bill you are paying is for something that somebody else inventedYou can always find within the company, any company, people who are critical of what's being done and again, that's human nature. I think it was new brooms wanting to sweep clean.

Yeah. Okay. Well, let's talk about other types of innovation. We touched on it earlier. The decision to build IBM PCs in Australia, the Wangaratta plant that was from memory one of only three IBM PC manufacturing sites globally correct?
Yeah.

And it was I remember criticized a bit at the time as not being a true manufacturing plant, but just an assembly plant. Was there much true product development or innovation in that facility?
There wasn't any product development per se. There was innovation, most of it was brought in because we'd been making PCs at two other manufacturing plants. And you don't reinvent the wheel. I mean, you do what you've done before, if it's being successful.

Then what year did that start the manufacturing in Wangaratta?
I can dig it out for you, but I would have thought it would have been about 1985.

Yeah, I think that's about right. And how long did that manufacturing process continue? When did it stop? And why did it stop?
It stopped after my time, in fact, and the company sold the manufacturing plant to an entrepreneurial company who were going to become jobbing manufacturers.

Yeah, that's right. I vaguely recall that now. I'll look it up.
Yeah, I'm familiar with it, Graeme.

Was it an assembly plant?
Well, the answer to that question is yes. But the truth of the matter is, so was every other computer plant that makes computers I mean, yes, it's an assembly plant. By definition. You don't machine the components and you don't make the printed circuit board for them. So was it an assembly plant? I would say yes, it was. But it was no different from any other plant of an IBM or a competitor of IBM, anywhere in the world. So, I think that criticism was a little bit harsh and lacking in real knowledge of how these things work now. A lot of export though.

Sorry, Sebastian, did you have a question?
Yeah. Can I quickly ask? I mean, if it's only one of three production plants for IBM PCs in the world, why was Australia chosen? Can you shed any light on why the decision was made to have a production plant in Australia, which I assume wasn't not the biggest market?
Well, it's reasonably effective as a manufacturing point for the Far East. Because there are a lot of exports that went from here. I mean, most of the volume that was produced was exported. To all of the countries of Asia, including Japan.

I remember those ads where the guy in Thailand is getting his PC, out of a boat on the canal in Bangkok, a says oh Australia.
I've got a clip with that, if you wanted, I'll send it to you.

So why was it chosen?
Well, people think of big corporations as being terribly formal. I touched on it before. The truth of the matter was Don Estridge came out because he was interested in what was happening in Australia as a market. And I'd known him from another life in IBM. I tell him about the typewriter plant closing. And he said, "Well, why don't we put a PC plant here".

Was it cost effective? Australia is known as a high cost high wage country. Was it cost effective to make them in Australia?
Absolutely. Yeah, it was and IBM is a high overhead, high paying company. So yeah, yeah, I mean, the people in IBM at the IBM plant at Wangaratta would not be paid anything like the people in the other plants were being paid.

Yeah. And related to this and broadening it a bit, during your time at IBM, the federal government introduced the Partnerships for Development Program.
The PDP.

PDP that was, I think, introduced under the Hawke government. Wasn't that about the time you came to Australia?
Yeah, it was, but there was an even more pernicious program before that, which was called Offsets. Yes. I mean, I'm not in favour of, you can't force people to do things. Yeah.

So what was IBM's involvement in the PDP?
Well, you had to participate basically. Long before there was a PDP, IBM had put a typewriter plant there. It's a corny phrase to use but the company has always tried to be a decent corporate citizen and to put back into the communities where it enjoys the privilege of doing business. So the typewriter plant was put there before there was any pressure.

Do you happen to recollect when that was established?
In the glory time, long before my time, I mean, I can find that out for you.

I can look it up. Probably on the IBM website, IBM Australia.
Back to the PDP You weren't a big fan of it.
Well, I was never a fan. I think coercing people into doing things is not sensible. I mean, at the end of the day, it's good to do things because they make good business sense not because of some government system That's my philosophical view,

It was widely criticized at the time and I think after Labour was in power from what '83 to '96? I think it was quickly dropped after Howard was elected in '96.
Yeah, it was. John Button was never a big fan of it. Incidentally, I knew him quite well. He never thought highly of it at all.

I remember interviewing Button, in his office in the Old Parliament House, a remarkable man.
Yes, he was. Yeah

I have a question here. I came across the fact that the University of New South Wales established a lot of training for IBM. Was it on the back of the PDP?
No, it wasn't.

It's something I would personally frankly, claim credit for. And there has been a publication by Monash about the program.
But I'd been working in the education field in government organizations. I'd done the Post Compulsory review and I thought it would be a good idea to start a graduate program where students in the program would be paid a fixed sum of money every year of their degree course. They would spend about a third of the total degree course in a business that supported them, doing things that were part of the curriculum specified by the educators. Then you don't get one of these people who stand behind the photocopier and say, copy those 2000 pages. They have to do something that can be assessed and evaluated. Now that time I was running the Business Council of Australia. I was running the education subcommittee. And I knew from our customers that one of the biggest problems they had was getting qualified people, good people into their IT departments.

There's a fellow called Gregor Ramsey who was head of the National Board of Employment, Education and Training who was very influential. So, I went to Greg with the notion that if I could get enough companies together, would he use his powers of persuasion with the universities to establish a business IT degree course in a number of universities. So, we chose the University of New South Wales, Monash, Swinburne, and UTS and I know that UTS is still running our program today. And there was a from a historical point of view, Sebastian, a book published, which I can send you, but I'll send you the reference, if you wish, would you be able to get a copy of it? It talks about the whole structure of it. So basically, what happened was the students then would be paid $10,000 a year, which is a reasonable sum of money. And they would have part of their degree formally assessed in the business organization that supported them.

This program ran approximately how long? When did it start? You said it's maybe still continuing at UTS.
Late 80s.

University of New South Wales became one of the larger academic partners?
Yes. Well
Michael Birch, who I know well. Michael was a big advocate. See, I knew the Vice-Chancellors very well, even though many of them weren't IBM customers, because the Business Council of Australia had a committee with the Vice -Chancellors, so I knew Michael Bird very well and Gus Guthrie at UTS and the guys at Monash and at Swinburne and I really brokered with them that they should get behind that program. It wasn't really the computing people, it was the Vice Chancellors and in a sense, it was the business people at the top of the university saying this is a great idea. Let's get industry and business, into the universities working together on actually educating people together. So that's what it was all about.

You mean, when you mentioned IBM's role as a good corporate citizen, and certainly during your time at IBM, Australia, that pretty well coincided with IBM's position as the you know, the leading company in the industry. I know from my own background, that you were very involved in IBM being part of the industry. What other initiatives or programs or activities did IBM take while you were there to help build and promote the Australian industry?
We were active members of course of the Industry Association. And Alan Moyes always felt, and I have no reason to doubt his assessment, that he was instrumental in bringing the industry together so that the industry spoke with a solid and uniform voice as opposed to individual companies having to go whinge in their own right. So before my time, but Alan would certainly feel that he was instrumental in bringing the Industry Association together and giving it a strong and reasonably unified and uniform voice.
The education one we've covered and that would have been, that was always IBM's main activity in terms of in a relationship to the industry was education in the broad sense. And that degree program was really important, because IBM had four students in each of four universities. So that was 160 grand a year which means money doesn't grow on trees. When you think you're supporting a limited number of people. So that was quite a support activity to be supporting 16 people. That was 16 people every year.

There was also a program that was run by the University of New South Wales I forget the name of the IIT or some such thing where they provided training to IBM customers.
I don't recall. That is the truth of the matter. So I just don't recall it. No problem. You could well be right. I'm sure you're right, but I don't recall it.

We were trying to talk a bit about innovation also. From your experience in the industry, Brian, obviously lifetime, most of it in Australia. You've seen a lot about how the Australian industry works, seen and evolved over the last, what? 40 years. What do you think Australia could do better than it's done? There's been a lot of discussion over the years obviously on government not doing enough for Australians, aren't innovative enough, tall poppy syndrome, what are the real pluses and minuses that you see about the Australian IT industry? What should Australia and Australians have been doing better?
Got some views on it and just to give you a point of reference. Until about four years ago, I was Chairman of the Gold Coast Innovation Centre, which was jointly funded by the state

government, the Gold Coast, City Council and Griffith University. Anyone could come and apply to be part of that Centre and we would help them with their business cases and help them get their businesses up and running. So, I had some insight into it. There's no doubt in my mind that we've got innovative, talented, entrepreneurial people, just like anywhere else, anywhere else I've been. It's terrific here. We've got nothing to be ashamed of. We're not second-class citizens. We've got really great opportunities. I think there is an entrepreneurial spirit, especially among younger people, and I saw quite a lot of them at the Gold Coast Innovation Centre. And I think the one big thing we lacked is not government support. We need an investment climate and infrastructure. We just don't have the venture capital companies. And I'm frankly not sure how you get them. It's not my area of …

That was my next question. Now you probably know Rick Anstey.
Yes, I do.

Yeah. who's involved in building an incubator in Queensland. And there is a small Australian VC community. It seems to be getting better but you sort of cut off my next question because what can we do better and you say you don't know what we can do to grow the VC community?
I think rather than government money and government involvement the area where government should or could consider helping is maximum possible tax support relief for investments in innovation of the type we're discussing. Yeah, it's hard for governments, you know, they don't like to give people a free break where they feel they've got a police it and so on. So this is one of the difficulties that the Gold Coast Innovation Centre governments, they're very afraid that you're doing something you shouldn't be doing, you know, but I think there's room to do a hell of a lot better than we're doing.

Tax treatment is the obvious way to do it. And of course, more wealthy people. We are getting more and more wealthy people. And hopefully people like Cannon-Brookes and his offsider can act as angels. I mean they could set aside $50 million and give it to somebody to administer. We've got plenty of people who can run incubators. We got Rick and there is Andrew Luck, there's a stack of people who are really good at it. They really know how to lick these companies into shape and know what they're doing. The real problem is not the talent. It's not the guidance, it's the lack of venture capital money.

Is that a function of Australia's comparatively small size compared to the US?
Yes, yes I am sure it is and relatively few very wealthy people relatively few. You know, as well as I do there is huge wealth in the US and all kinds of clans. So I think the biggest impediment is not that the government doesn't do enough. It's not that we don't have talented people. It's not that we don't know how to guide entrepreneurs and innovators. It's just there's not enough venture capital to fund them. There isn't and most of it is you know, friends, fools and family?

Yeah, yeah.
The three big investors, friends, family and fools.

What do you think about grants that can be given out for innovations? As another form? I mean, tax breaks is one way to help financially. Another one is to have programs where their startups can apply for funding. Is that a useful way of doing it?

Well, I couldn't say that it isn't. But I've personally never had a good experience of government, allocating its money to an activity which is essentially entrepreneurial. You know, these young people who are doing very innovative things. They haven't got a clue about bookkeeping and accounting, and how to fill forms, not a clue, it's anathema to them. What does Government want them to do? It wants them to fill in forms. We had this in the Innovation Centre, I tell you it used to drive me nuts. All they want to know is, you know, what have you done? How many customers have you gotten. The state government for example: we had an entrepreneur who had done great things and won a terrific contract with the Singapore Navy, fantastic opportunity, big contract. And he not unreasonably had to go to Singapore because that's where his customer was. The Gold Coast city council went absolutely bananas. Why? Well, because they wanted him to be on the Gold Coast. That's not how it works. So governments have huge problems once they start giving money. They have huge problems in keeping their hands off the entrepreneur who is neither structured, no motivated, nor do they have the time. I mean, these are very small organizations, very small entities. They just cannot hack it. So that's why I yeah, I mean, if government gave a lot of money, that would be fine, but I don't think it works.

When it does work is rare. Yeah. I hear you loud and clear, too much red tape. Absolutely. Too much bureaucracy instead of developing your product you spend time on fulfilling obligations, forms and requirements. I guess it points to maybe the opportunity to make funding easily accessible. You pitch three pages, and you get $10,000. And that's it. Yeah, it could kick you off.

I've no problem.

But currently too much bureaucracy involved?

Yes. Completely. Yeah. You got to keep your hands off. These guys, they can't hack it. The entrepreneurs who are trying to do these things haven't got time. They haven't got the inclination. They're not motivated to do it. But money is what's needed. And I still think private enterprise money where the venture capitalists as they exist in many places, and there are some here but more in the US especially.

Do you have much evidence as the world becomes more globalized, and a lot of these startups in Australia are taking a global view that one answer to this question might be to encourage more American VCs to invest in Australia?

Yes, absolutely. And we've got to make it good for them to do that. And that's where things like tax laws can be very beneficial. These people are investors. They have a lot of losses, as you well know. I mean, they might have a few successes and they might be huge, but they've got plenty of failures. So you've got to make it attractive for them. in every respect. Who cares where the money comes from, but you've got to have a broader attitude. I mean, my example of the company that won a big contract with a Singapore Navy, and the local authority turning its nose up, because the guy had to go to Singapore and take the employment there, who knows what would have come of what he was doing if they'd let him run his course. I mean, he was fundamentally an Australian, and he was going to come back here. His heart was here. You got to let them run you can't restrict them by laws and rules.

Coming back to the issue of tax and regulation. I mean, the tax environment in Australia in terms of things like allowing employees to have options and in a startup is very different, much more restrictive than the US?
Absolutely, I mean, that's why one of the one of the reasons why in the end, the Gold Coast Innovation Centre as it was, ran out of money after five years that they didn't want to fund it anymore. And it was because of things like we were encouraging options and the public servants who were administering it on behalf of their entities. They couldn't hack the deal on options. Just couldn't hack it.

Couldn't didn't understand or what?
You were giving things away. It's anathema to a public servant who doesn't have incentive programs, per se. Just problematic. So that Innovation Centre was reformed about three years later, a bit more about a year ago and is now the Griffith Innovation Centre. Because Griffith University the guy who was then the Pro Vice Chancellor in charge. Ned Pankhurst, he did understand. And he reformed it funded entirely by Griffith University. So it's had a sort of rebirth starting about 18 months ago.

And is he seeking partnerships with investors to help fund it?
Yeah. Yeah.

Right now, Brian, we close to our hour. We're not stopping. You've got to a little more patient with us?
Right. Sorry. You got a question?

I understand that funding is crucial for innovation. And that's what you see as the problem that's happening. There are some other aspects that I'd like to quickly run through. And then you can say yes or no or is there anything else you think that that could be done. We talked about education training. What about personal traits, aspects, perseverance, personal networks, leadership skills? To what extent is that important for being successful as an innovator?
Oh, that's hard a question to answer. I mean, all of those are important. It's really hard, for me to get my mind around that. Someone I guess will come up with bright ideas and single mindedly and purposefully go about implementing what his dream is? I have the greatest admiration for him. But I find it very difficult to kind of come up with a check list of things that makes a good entrepreneur? Yeah, I really don't know.

Are there things that could be done to help with networks? I mean, if networks are something that is helpful.
Well, there are and if you look at what the Griffith Innovation Centre is trying to do. It has turned its focus away from "We are the Griffith Innovation Centre. If you've got a bright idea come to us and we'll see if we can help you". It's turned inwards to the professorial staff, the academic staff and the graduating students to say we were running courses in how you start up a company. So it's trying to get the academic staff who have got great ideas and great capabilities and sometimes very marketable ideas. It's trying to get them enthused about becoming entrepreneurial and innovative and turning what they know and what they have between the marketable and sellable product. So that's already happening. And I think that's a terrific idea, as opposed to work all the Innovation Centre if you've got a bright idea Come and see us. And we'll, we'll try and help you. They're actually marketing it as a structured

program, to a clientele that already exists, and they know them and they already have links to them. And they will help build links to other people.

That's the kind of program you think, that's the direction that it is taking. That's what you would like to see more of. Absolutely. Okay. What about existing infrastructures, professional bodies, standards, like API comes to my mind as a big standard that helps with innovation, plugging things together. Membership and professional, lobbies and maybe access to things like NBN and so on. You have to have access to things like NBN?
I'm never sure about professional societies. I, and Graham, forgive me am out of touch on the ACS here, I was horrified when I read after the event that the ACS had invested in an innovation, whatever it is, the Riverside or River City labs. I think it's terrible but never mind.

Yeah. Well, you're not alone in that opinion, Brian.
I mean, I think professional societies have an important role in life, a very important role in life. But setting up commercial activities for innovators is not one of them, in my opinion.

Yeah. User Groups is something that was very popular. Is it good for innovators to try to build and facilitate user groups to get more ideas back?
That is something I haven't thought about it. I really don't know. Okay. Really don't know.

What is the role of serendipity? Last chance and luck.
Luck is everything Yeah, luck is everything.

As the old saying though, is that the harder you work the luckier you get?
Absolutely dead right there. I look back on my lifetime of work and Lady Luck was smiling on me most of the time.

It is because you work so hard Brian.
I am not so sure about it.

Maybe you can elaborate on that. And when you said you had luck. What one or two things in hindsight that was not skill, not perseverance, not hard work, not my network. It was just luck.
Yeah, I can think of several. So when I was in IBM, UK, I was doing pretty well actually. And I was two down from the top that I was obviously highly regarded in terms of future potential. I fell out with the guy whose was my boss's boss on an entirely personal matter. And it was getting nasty to the point where I was about to leave. Then this friend of mine, that I've met many years ago, and didn't know that well, in the US had heard that things weren't all good and rang up and said, hey, I've got a job in Houston. I've got no idea who can do it but you could. Why don't you come. So serendipity, I said, Well, shit, I don't have too many options. It's either leave or go to Paris, which was what I was being pressured to do, which I really did not want to do. Not that I had anything against Paris. But the job was not what other jobs were and not what I was interested in. So off, I went and cut off what was a 15-year career? I mean, I left it all behind me. I was still with IBM, but I went to a place called Clear Lake City outside of Houston, who the hell knows even where it is. I never met my boss, the guy who got me into the job was not my boss. And then when it came to the end of the project, because the project had been in such extreme difficulty and danger, in a financial sense, I'd become very close to a man called Ron Pfeiffer who was running all of

the business of IBM outside of the US and Europe, Latin America, the Far East and so on. Then he was a senior vice president, and he said to me, what are you going to do now that you finished? I said, "Well, I suppose I have to go back to the UK" and he said, Oh, you don't have to, why don't you join the US company? And he said, we can arrange that. And we'll help you get visas and so on. But if you do I'd really like you to go to India, which is a kind of, I'm here, I'm sitting in New York. Having travelled up from Houston thinking I'm going back to the UK and India pops up. And so I went to India to run all of the IT high spots of that part of the world, Afghanistan, Bangladesh, Nepal, India, Bhutan, I actually did find Bhutan, which was an achievement in itself. So those are just two examples.

You're talking about career planning?
Who would plan a career like that? It's nuts. So that was serendipity. And it was good fortune. And it was extremely good luck. So there's two examples. And you got to go with the flow. You got to you can't bugger about say, oh, well. In fact, when Ron, asked me about India, I said, Well, yeah, that's okay. Yeah, that sounds fine. I would like to speak to my wife Ivy. He didn't know her well, but he met her on a couple of occasions. We were in his office. And he said, okay, so is Ivy at home right now? We were living in Texas. And I said, yeah she will be and he said, well call her.

I did. And so of course he knew her well enough. She said, Yeah, sure, if you want to if you think it's good well go to India. So you can stuff around if you're going to go with the flow, you have to go with it. When the flow happens, you got to get on with it. So those are two. I hope not too self-serving examples of what I mean.

And it also links nicely back to personal traits as well. If you're resistant to change and opportunity, that could be a problem.
Definitely! No question. No question.

And maybe as last one or second last one, market factors such as supply networks or the general economic climate?
In terms of entrepreneurial people and innovation, I'm not sure that the economic climate has much to do with it. I mean, a lot of people who are entrepreneurial and getting businesses started or they're on their *beam ends* anyway, couldn't care less about the economy. They're looking for the next meal and *how to meet* the next bill that comes in, through the door. So I don't think it's got that much to do with the economy per se. Except that's probably dependent upon whatever it is you've invented and are trying to commercialize. Well clearly the economy will have some effect on it, but onwards and upwards. I mean, I think you just have to plow on.

Yeah. And what about supply networks that is upstream downstream. If you are serving a particular industry with your innovation. I mean in the year 2020, that's maybe a question to consider.
Well, I'm a great admirer of large corporations, despite the fact that they sometimes tarnish their reputation. Large corporations, in my experience of them, have got extremely good ethical standards. And they do want to help people where they can. They've got immense power in terms of their ability to create their own networks. I mean, if you get involved with an Exxon, if you have a technology-based product, and if Exxon likes it, then that's a terrific opportunity for you. Absolutely terrific. Because often companies like that will help you with the development; they'll encourage the development and away it goes. I mean, one example

of just springs to mind. It was a product that never really made the market but you may remember him there was a gentleman called Ralph Sarich an Australian who was an automotive engineer, who invented the orbital engine. And he made a great deal of money. And that was with Ford. So there's an entrepreneur who I don't think he had a lot of government capital. I don't think he had a lot of venture capital in the conventional sense. But he had a great benefactor. In that here was a large international corporation that saw an innovation that they felt they could commercialize and exploit and capitalize on, and they funded him and he really became very wealthy.

And how do you expose yourself to these opportunities?
I think you knock on doors and you hope for the best. You need some good luck, but you knock on doors. I mean, it amazes me often. I'm trying to think of a good example, but I'll try without the example springing the mind but I said to people, sometimes when they've got a problem or a beef, well have you written to the CEO? Write a one page letter and be careful what it is you're writing about. But write a one page letter to the CEO. It's only going to cost you $1 for a stamp and whatever time it takes you to write the letter to the CEO and believe it or not, lots of CEOs insist on seeing every letter that is addressed to them personally, lots of CIO and entrepreneurs I meet so, why not? Why not write to the boss man and say, hey, I've got this fantastic idea. You might get a knock back, you might get 10 knock backs, but its only a letter. It doesn't take very long. Give it a go. And people do respond. I mean, you're the CEO of a company, you want to do something good for young people. You really want to get up there and say, lets see if we can help this guy in a small way. See if we can help him. The CEO might not do it. You give it to somebody and say "See if you can help this young fella would you?" You never know. So you got to you got to be a bit creative, I think. I'm an optimist.

You have to be disappointments Brian. regrets you've had a few What? What are one of the biggest disappointments in your career or in that you say the things that disappointed you about the Australian IT industry or about your career? Well then? Well thank you for going a little bit over time with us.
No, no, that's okay. I don't have any I mean, I don't.

I know Then again too few to mention.
Well, yeah, but I've never been. I've never been one to say. I'm sorry that happened. I'm sorry this happened. It doesn't. It's not in my psyche to do that. Yeah. I'm sorry not to be constructive and helpful.

The ACS before, that was a disappointment.
No, it wasn't a disappointment. It was a great success because it was it was in deep, deep trouble. And it ended up 40 years later, it is still running oil refineries around the world.

The other ACS.
I don't have any regrets or disappointments. I mean, I'm sure there are lots of things I could have done better. Lots of things I could have done differently. But there's no point in living in the past. You can't fix it.

Let me phrase this differently. What was the mistake you learned the most from a mistake that you made that you really feel you learn a lot by from making it in hindsight?
Yeah, I'm not good at revisiting mistakes either. Okay. Really problem. Oh, I think I think if I'd have acted differently I could have gone further in IBM, but the fact that I didn't doesn't bother me.

No, no. Being CEO in Australia for all those years is a pretty fair achievement Brian.
Yeah well. I enjoyed what I what I did and what became of it and I enjoyed what I've ended up with I never feel "oh shit" I should have done better then but it doesn't go through me not.

Not the Jordy way. It's not the Jordy way.
Have another pint and get over it.
Newcastle brown ale.

That's right. Hey, thanks so much for the day. Brian. any final comments or remarks that pertain to the sort of stuff we've been talking about?
Oh, no, I'm a great optimist for Australia and I think we will win through. Wouldn't depend too much on the government fixing a problem. They weren't they can't come when they try to they stuff it up and made it worse. Then you've just got to have good creative people get about the business of finding the right partner, and I do feel that the opportunity to interact with big corporations is one that has not been exploited as much as it might have.
And the best way to do that is to be courageous. Write to the CEO? You might not get a reply. So what! Don't worry about it, sooner or later.

Thank you, Brian.

End