



THE UNIVERSITY OF  
**SYDNEY**



**Pearcey**  
FOUNDATION

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

## **Oral History Interview**

**01**

**Adrian Di Macro**

*Interviewed by:*

*Graeme Philipson, Sebastian Boell, Kai Riemer, Sandra Peter*

*Interviewed on:*

*Friday 17 July 2020*

## **Project Summary**

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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**

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1. TechnologyOne built up its competitiveness by think innovatively on single code line with flexible configuration on its accounting product (when the customised products dominated the market), and they could reduce the cost for easy upgrading and maintain.
2. The user-centric concept make TechnologyOne win the contracts with local governments and universities, where compliant accounting software has more efficiency/edging technologies than its competitors.
3. Multinational corps might have potentially diluted the local business innovated capabilities – it is risky to be in partnership and rely on their licenses for developing products.
4. There should be bilateral commitments between start-ups and governments- an effective way is to provide provisions to retain their commitments in Australia, meanwhile policies to incentivise their innovation in Australia should include tax benefits, bespoke laws, etc. for them. (The new generation might not uphold the culture to have strong tie in Australia).
5. Government purchasing are a good trigger for innovation; however, bureaucracy and risk aversion are the major hindrance for contracting with state and federal governments. Local government in QLD were more willing to contract with businesses with right solutions, which nurture the success for TechnologyOne.

# Biography

## Adrian Di Marco

Founder and CEO of TechnologyOne  
Pearcey Hall of Fame in 2015



*Entrepreneur, Software developer,  
Champion of Australian industry*

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Adrian Di Marco was born in Brisbane in 1958, the second of three children. His parents were Italian immigrants from the village of Fossa in the Abruzzo region. After a science degree at the University of Queensland with a major in computers, he worked for consultancy Arthur Andersen (now Accenture) in Sydney and Melbourne. In 1981 he moved back to Brisbane and became a founder and partner in a local software company called Chairman which had some success in the 1980s with an innovative general ledger program. He married Kristina Naklicki and have 2 children. In 1987, at age 29, he started another software company to develop a general accounting package. He called the company TechnologyOne.

One of his customers at Chairman, JL Mactaggart Industries, provided the seed capital in exchange for a share in the business. TechnologyOne's first home was a small demountable office at the company's hides processing plant in the industrial Brisbane suburb of Hemmant, which came with the use of Mactaggart's computer. The machine was a Prime 9755. It was a big computer for its day, and TechnologyOne had unrestricted access to it. It was based in Sydney, with a dedicated 4800 bps Telstra DDS (Digital Data Service) line to the Brisbane office. Data communications was still very expensive in the late 1980s, but TechnologyOne was able to tweak the multiplexers to get more speed.

Di Marco's intention was to develop a software product suite, which was initially called FinanceOne. It was released in 1988. TechnologyOne quickly gained clients, including Allgas Energy, Greyhound Buses, Griffith University and Queensland Cotton. The product was successful, and the company grew quickly. FinanceOne was one of the earliest accounting products globally to be based on a relational database, Oracle. TechnologyOne pioneered a concept of configurable software, which did not require the source code to be modified. All its customers ran the exact same software code, but each customer could configure the software to meet their needs. The configuration was stored in the database. This allowed TechnologyOne's customers to take new releases of the software containing new features, easily on a regular basis.

TechnologyOne floated on the ASX in 1999. Its revenues and profitability have doubled every 4 to 5 years since. It is now one of Australia's largest software companies. It has over 1000 employees and annual revenues of \$300+ million. A feature of its product development strategy has been its regular product set renewals, anticipating significant technology developments. After its early innovations with relational databases, TechnologyOne was quick to adopt client/server software. It later moved to the web very quickly and more recently rewrote its entire product suite as a cloud-based software as a service offering. Adrian DiMarco has been the driving force behind these changes.

Adrian Di Marco's belief in the potential of Australia to become one of the world's great software developer nations has led him to promote the industry at state and federal levels and to challenge government policies he believes stand in the way of this vision. He has become a highly articulate spokesperson for the IT industry, commenting on a diverse range of issues including the IT trade deficit, industry consolidation, government policy directions and strategies for boosting the indigenous IT sector.

Adrian Di Marco retired as CEO of TechnologyOne in 2017. He remains executive Chairman and Chief Innovation Officer and one of the largest shareholders. He is also a philanthropist and an investor in technology companies. He has invested in over 30 startups in Australia, USA and Israel. Major investments have included: InQbator, an incubator for start-ups; PloyMe, a part-time employee marketplace; Practice Ignition global SaaS accounting; Fusion Sport global SaaS sports tech firm; Snackwize healthy snacks company; Ezycollect a SaaS Fintech; Respondent a USA based SaaS company.

Mr Di Marco has served on a number of boards including InQbator Advisory Board, the Australian Information Industry Board and the Royal Children's Hospital Foundation Board.

Mr Di Marco received the 2010 Tony Benson award for outstanding contribution to the Australian ICT industry. He was named Lord Mayor's Business Person of the Year in 2009. In 2004 he won the highly coveted Pearcey Award for innovative and pioneering achievement and contribution to research and development in IT. In 2001 he was awarded Queensland Entrepreneur of the Year award. More recently he was awarded the highest honour of the Australian Computer Society in recognition of distinguished contribution to the field of ICT in Australia. He was in 2015 inducted into the prestigious Pearcey IT Hall of fame.

## **Interview Transcript**

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*Date of interview: Friday 17 July 2020*

*Can you briefly summarise your career for us?*

I did a university degree at the University of Queensland. There was not really a computer science course when I started, so it was a science degree with some electives in computing. They were still, I think, putting together the computer science degree.

I got to work on one of the very first interactive computers, a DEC System 10, which was a bigger version of the PDP computers. Everything was pretty much around that time still batch processing with cards. But this was one the first of the interactive computers coming out and had a very basic teletype interface.

From there, I went to work for Arthur Andersen. They were building a global IT business as an adjunct to their accounting and audit business. I worked for them for just under two years, which was good experience, working in a very methodical system, a process orientated structure. They were very methodical about how they worked. It was a great place to start in the industry.

I left them because I really didn't want to work for a big company. I came to the conclusion I didn't want to be in the corporate world, with all the bureaucracy and politics and stuff that went with it. So I came back and worked for a very small company in Brisbane, a company

called Moriarty and Associates. They were a small company with a little office in a shopping convenience centre just above a fruit shop.

They had a couple of clients that they were working on, just a very small company, and they put me out on one of their clients. That was a troublesome client that was actually a large company, but they had a lot of problems with it and couldn't afford to put a senior person there. So they put the most junior person they had there. I worked on that project for about a year or 18 months and built a very close relationship with that client. I got exposure there to what would be the start of some of the very early 'software products' we started to see. 'Software products' in inverted commas were starting to appear, but they required heavy modification. So I got some experience on that. That company went broke.

I was about 25 then and with another older person from that same company, we started our own business. That was the first company we started. He was the senior partner and I was the junior partner and we built that business over a couple of years.

*That was Chairman, right?*

Yeah, it came to be called Chairman Software Systems. It was called SYSCOM originally. We did that for about maybe 3 to 4 years. And then I had a falling out with the senior partner and decided to start TechnologyOne, in 1987.

We started at the front of a hides processing plant in the industrial suburb of Hemant. I would say we were one of the first start-ups in Australia. I can explain that a bit later. We didn't know start-ups. We didn't understand what they were, but looking back we were probably one of the first start-ups in Australia. That's where TechOne was born. And it suddenly become what it is today, a large public listed company on the ASX.

*So in 1987, you started TechnologyOne and subsequently you have been for the rest of your life with TechnologyOne. And you were Chairman until 2017?*

I was CEO until 2017, the founder, and then I became Executive Chairman, which I still am today.

*Looking back over your whole career, what would you describe as the most innovative ICT product project you were involved, in regardless if it was eventually a success or not.*

It would have to be the project that really created TechOne, which was the idea that we had to build what I call one of the true first software products in Australia.

If you look at the industry up until then, really it was all based around custom software. People would go out and build a custom software solution for a customer. And then if it could be resold, it was resold. And whoever bought that product or that custom software solution, then had it modified to meet their specific requirements. So there weren't really any software products back then. There were a few starting to emerge. But most of them really were custom software applications that had to be modified. Even the software products, the few that did exist, had to be heavily modified to meet the specific requirements of the customer.

The idea I had was to actually build a true software product, something that did not need to have the code modified, you wouldn't be able to modify the code. It would be one code line across all customers across all industries. And today it's the same concept. We have one

global code line. We pioneered that back in 1987, this concept of a single global code line. Then we would sell our product, which was a true product.

One of the big criticisms we had against us initially was the fact that we didn't give people the source code and so they couldn't modify it. Our competitors would typically sell the development tools with the environment, because they were selling the fact that it could be modified. We always said that that was not the way to go. Because if you modified the code, then you couldn't take the upgrades, you couldn't take the new features, the functions, you wouldn't get the same support. And that's really where we differentiated ourselves from day one from the rest of the industry, this concept of this global code line. We were able to achieve everything that a customised solution could achieve, but you didn't have to modify the code.

We did it with this concept called configuration. You would configure, not customise, the software. The configuration sat outside the software. We pioneered this concept of configuring rather than customising and you could configure by working in this high-level abstraction, where you would set all these parameters and then those parameters would be read by the software and the software would change its behaviour. So that was the project I think was the most innovative. We based it on using leading edge, cutting edge technology. That was a key component. We said, if we're going to do this, we're going to use the best technology, the newest technology.

We were early adopters of relational database technology. I'd been following it for about seven or eight years beforehand, reading about it. There had been some companies that were starting to really do things with relational database technology. There was a company out of the University of Berkeley in California, which became Ingres. There was another company called RSI, which became Oracle.

We were early pioneers of using relational database technologies to build our products. We had a lot of problems with it. You would put the data in and nothing would come out. You would put it on a mainframe, and it would grind the mainframe to a halt. There were a lot of issues with being an early adopter of technology. So that would be the most innovative project. And it still continues today because we continue to evolve that concept, that product. And it's been 33 years now, and we've been continuing to build on this concept, this evolution of this product.

*What led you to the realisation that customisation was not a good strategy and configuration was the way to go? It was pretty innovative at the time. So what led you to this realisation?*

Because I'd worked on a number of projects using 'software products'. I'd seen the problems. You'd fix a bug, you'd add a feature, or whatever, and then that was never going to be able to be used by someone else, because it had been built into that piece of software. You'd been customised. So you were continually losing the IP, and then you'd have two or three or four or five customers with different versions of software. It was just impossible to maintain or support or whatever. So to me, it was pretty self-evident that you had to keep it to one code line. But if there was going to be one code line, how did you build in the differences based on the industry or what customers needed? That's where I got the idea to put that outside the software to come up with the configuration. But it was that firsthand experience of the firsthand frustration of building custom software and then trying to make custom software into a product. It just didn't work.

*Was it and one of your particular jobs that you were working on where you realised that?*

It's when I came back to Brisbane to work for that small software company. Moriarity & Associates, I was working on some early 'products' and installing them at customer sites and seeing the problems firsthand. That that's where I really came to realise there was a better way. And then through the Chairman days as we continued to try to do these custom software type products. I saw the problem continue. It was just exasperating. So that was the idea that there's a better way to do it, which was this configuration, not customised approach.

But it was unheard of back then. People really thought it was the wrong way. We had a lot of criticism. The environment back then was you'd have people like Oracle or Ingres selling their development environments. They really wanted people to use their development environments.

Here we are selling our product, but saying no, don't use the development environment. It was quite contrary to what they were trying to sell. And then we had people that had built 'products', and what they would demo was really the product in the development environment, and using the development tools to customise it.

The IT departments love that. They'd see the fact that we can get in and we can actually use these wonderful development tools and we can customise the software to do whatever we wanted. So we were fighting the IT departments and the vendors themselves with this concept of one global consistent code line.

*So what made the product innovative was that you had an easy upgrade path for all your customers at the same time because they all use the same code base?*

We fixed the bug once and everyone got it. We added a new feature and everyone got it. They could turn on what they wanted, turn off what they didn't want. They could configure the software to look exactly what they wanted: the themes, the colours, the policies, the procedures, the workflow. They could do anything they wanted to do to make it look like it was their own piece of software, even across different industries.

Our software is used in hospitals, it's used in local government, it's used in universities. It's actually the same piece of software. It's just the configuration is different. That's what makes it so innovative. And as you know, that's the basis now for SaaS. True SaaS companies have one code line. They don't customise their software. We were doing that 30 years ago.

*And overall, do you think that was a success?*

Oh, yeah. Well, we built a whole business out of it, so it's been very successful. Yes.

*Now, let's go a little bit more into innovation in Australia. You're based in Queensland and Queensland punches above its weight in terms of software in Australia, and innovation in software in Australia. What do you think were some of the factors that led to you to go to Queensland?*

Well, I came back to Queensland because of lifestyle. I'd worked in Sydney and Melbourne, with Arthur Andersen and they were going to move me to the US to work there. I started to realise that we had such a great lifestyle back here in Queensland. I used to love the ocean, going to the beach and that sort of stuff. We didn't have the traffic, everything was very affordable, and I felt that given where technology was heading, I didn't really need to be in Sydney or Melbourne or overseas. Lifestyle was probably the most important thing for me.

So coming back to Brisbane was all about a lifestyle choice, living in a great city and having that great lifestyle.

*And in terms of innovation or in terms of setting up your company in Brisbane other than lifestyle? What were some factors that helped you or hindered you?*

One of the big things that was positive about being based in Queensland is that you're away from the major markets. When you're working in the major markets, you think and behave differently when you build a bit of software. In our case, we took a very long-term view, it wasn't about just getting something to market quickly. It was about building something and doing it really well and doing it properly. And we were very passionate about the software we were building, to make it really a great piece of software. That helped, because we were that distance away from the bigger markets. We didn't have all these sales opportunities falling over us all the times and forcing us to make compromises.

We had a couple of years where we were just able to lock down and build some really great software and work with early adopters to make it successful. Then when the time was right, we started to then expand into places like Sydney and Melbourne and started to build a sales team. But that was really stage two of the business.

It was good being in Brisbane because we were away from a lot of the distractions that happen in the big cities like Sydney and Melbourne. And also, even from day one, we were an employer of choice because in Brisbane, there wasn't a lot of stuff happening in the tech sector. We could differentiate ourselves. If we were in Sydney, you've got Arthur Andersen and all the big multinationals like IBM and HP, all the head offices, and it would have been very hard to differentiate ourselves.

We're back in Brisbane, we were able to differentiate ourselves, we could attract really good people to come and work for us with this vision that we had of building true software products. I said we were one of the early start-ups here, and selling that concept, providing breakfast in the morning to staff and just doing things to be different. If we were in Sydney, Melbourne, I think we would have been lost. How could we compete with the IBMs, the HPs, the Digital's back then? It would have been very hard to get that visibility and to get people. So it worked.

*Moving from a market based on customisable, bespoke software to a software product with configuration is a big cultural change for the industry. How did you go about selling this to customers? What were the responses? What were you up against trying to sell this change? Arguably something very different from the customer point of view as well.*

It is only with the advent of SaaS (Software as a Service) that it has become now very easy to sell this concept, because that's how Software as a Service works. It's one global code line if it is done properly. People are used to that now. But it was a real battle for a long time. It's decades later, we fought so hard. And we were up against the IT departments because they wanted to use the development tools to change the software. We were up against the vendors because the vendors wanted to sell their development tools. So they preferred products where there was a lot of customisation. Also, the consulting firms had a vested interest. They didn't like our product because, again, they couldn't use development tools to customise the software. And that's where they made all their money. So all the big consulting firms like the Accentures or the Arthur Andersens, they didn't like us at all either.

We were very much the mavericks, we were right out there by ourselves. We had to sell not through the IT departments, we had to sell to the end user. We learned that if we could get to the end user, we could change the terms of reference and we could win the business. And so our products were very end user focus built.

Graeme Philipson's company {Strategic Publishing Group] did a survey about accounting software in Australia when we had just released our software. We started getting momentum and in that survey, we actually came out as the number one product that was loved by accountants, because that's the only way we could have succeeded. We had to build a product that was loved by the users, not by the IT departments.

*You were still very small when you started out, and you had this big sell to get beyond this customisation barrier. So how did you manage to build and maintain this momentum, when you still had a very small company and you had all of those forces are arrayed against you?*

We were lucky because we formed a long-term relationship with a company called Prime Computer. Prime was very big back then, and they were very much, again, a maverick type computer company. And they were a company we had a really good relationship with. They actually provided us the original Oracle licenses that we use to build that product. They liked the idea of what I was doing because they had to differentiate themselves as well. So they actually opened up the door to some of our first customers, and they used us as a way to sell their product. So we had this very close relationship with Prime and we actually leveraged their sales force to help us go out there and to get our message out. So we were lucky that they took us under their wing, and opened up doors for us.

We had to learn how to sell differently. We didn't sell the traditional way to IT departments, we sold very much to the end user, leveraging Prime's sales teams, their networks to do that. So it was a very different sell for us. It was not a technology-led sell, it was very much an end user led sell, where we would show the end result, the features and the functionality that we could deliver. It was so much simpler than the competitive products, because we had really built it for the end user.

That came out in that survey. People loved the product. And we found that people talked, so an accountant would talk to another accountant somewhere else or they would move to another place and then that would open up an opportunity for us to go and sell there as well. So it was through that partnership with Prime. Plus building an end user product. And I think also the referral base. The references we got really made the difference to get there. But in the end, we learned very quickly that if it was an IT led sale, and a lot of them were, then we were not going to win. We had to make sure that it was going to be a user driven sale if we were going to win it. If you look at the industry today, it has changed. Most sales now are not IT led in the SaaS world, they are user-led. Users go out and they buy the products that they want and the IT departments are very much now no longer control that agenda.

*On that point of about Prime, I think it's very important. A lot of people don't realise just how big and how innovative Prime Computer was in Australia. There were a very small minicomputer vendor on a global scale, but at one stage they are doing a quarter of their international business out of Australia. They were very aggressive here. So that was a major ...*

They actually nurtured two companies. One was us, and the other one was Mincom. I remember bumping into David Merson in Prime's offices in Brisbane, not knowing who he

was. David was obviously starting his journey to build Mincom. David talked very highly of Prime and their nurturing and innovative culture and that sort of stuff. So yeah, they played a very important part for us. And I think for other companies, like Mincom. In this context I'll tell you a story, which is very funny. Back then software was not that expensive. It was all about the hardware. Quite often they would sell the hardware and throw our software in for free. We'd get the scraps from the table.

That's what it was like back then. They would sell a multimillion-dollar deal and then they would throw us \$100,000 for the software. or whatever it was sort of the forgotten piece, it was not that important and as we know now it's all software led, but it was a bit of a different world back then.

*I also learned that you quickly abandoned the idea of going through resellers and distributors and established your own salesforce. Was that for the same reasons?*

Again, to differentiate ourselves, what we found is that when we try to have distributors, they would then have a choice of selling our product or selling Oracle's or SAP's product or whatever. And those companies had such a huge brand, these multinationals, that we really weren't ever given the same focus by the resellers. It was always easier for them to sell an Oracle or an SAP solution. So we decided that we'd be better off to have our own sales team and do it direct. That way we control the whole sales process.

And we learned also through that reseller experience that in the end the reseller controls the customer, not the software vendor. We had some resellers that would sell our core financials product, and then when we built our HR product, they refused to sell it. They wanted to sell another HR product. And we thought, well, how do you build a business when you can't control what's happening on the customer side. We didn't even really know what was happening in a lot of our customer sites because of the resellers. They have the relationship with the customer, it's the direct relationship. So we quickly learned that we wanted to own the whole supply chain. We wanted to build market, sell, implement support, and have the relationship with the customer so we could control the whole thing.

That's very expensive. As you can imagine, it means you've got to build a much broader organisation. And there's lots of moving parts and a lot of complexity you've got to deal with. That's why people don't do that, they use resellers. But it has been, I think, one of our big differentiators and why we've been so successful. If you look at our customer retention, it's actually 99% per year. So loss or churn is less than 1% a year. And that's measured every year over the last 33 years. So it really has worked, retaining customers. And again, that's the concept in the modern SaaS world. One of the big figures they look at is churn or the opposite customer retention. Well, we've been doing that for 33 years, it's been one of our key metrics.

*And to what extent does this close relationship to the customers help you to drive innovation in your product? And maybe in the context, what role do user conferences play?*

The underlying concept of our first product, an accounting system – a multi ledger, multi chart system – came because of a relationship with a customer. They had built something they just loved and they shot it to us. It was this concept of having multi charts, multi ledger. That gave us a really interesting idea of how to build a new age accounting system that was very different to anything else on the market. So that was a customer-led idea.

And then as we grew the business, we found that our customers – because we had the direct relationship – kept moving us into different areas. Other customers said to us, “Why don't you expand into higher education and we'll partner with you,” or “Why don't you expand into local government?” Customers really opened up doors for us, and they gave us the ability to build or extend our products into those markets. They provided a lot of the input and knowledge on how to do that. Our customers have really been critical to our success, opening doors providing ideas,

*How do you preserve the integrity of the product if you have many customers coming with their own different ideas?*

That's a good question. I think the key part is the fact that we have this one code line, which means when we change that code line, we can't just do it for a customer, we have to look at what we're doing across all our customers in all our verticals. And we have to do it in such a way that it adds value to all of them. It can be configured either on or off so that it behaves the way they want.

That creates enormous amount of rigour in our business, that one code line. And it has to be public to our customers, they are able to turn it on or turn it off through the configuration. That means it takes a lot longer for us to do something, when we build something or we enhance something. What would typically take months to do if you were customising it will take us much, much longer. There's a lot more research that has to go into it, a lot more work, a lot more effort. It's a lot more challenging to do what we do because of that. But the end result for the customers is that they get a very flexible product. They can just turn things on and off and change the configuration to get the behaviour they want. So I think it's the right way to do it. We take out the complexity to make their life simple which, if you look at our slogan, that's what it's about. It's about transforming business and making life simple. We make life simple for our customers. We take on all the complexity and we hide that from them.

*Maybe there were some things that didn't work so well by following this approach. What were some difficulties of an approach focusing on configuration rather than customisation? And you talked about it taking longer, but were there other aspects as well?*

Yeah, it does take longer. The software is a lot more complicated underneath because of that. You're dealing with more complexity. Also, because we were mavericks in our approach, it meant that we didn't get some of the stellar growth that other companies got.

There was another company in Adelaide that was doing what we were doing about the same time – building products and that sort of stuff. But they used the development tools to customise it. They grew much faster than we did in the first ten years. Their growth rate was phenomenal. But we had a much more consistent long-term growth rate. We are now much bigger than they are by many factors.

So in the long term it worked out better. But in the first ten years it was harder, much harder. We didn't get the growth rates, we had a lot more complexity we had to deal with, we had a lot more opposition and that sort of stuff. But we've always said we play the long game, we always look out long term. Even when we lost a customer, when we lost a deal – sometimes we lose a deal to SAP or Oracle – we'd always say, well, we lost it this time, but we'll pick it up in ten years' time.

That's how we build the business. We always learn and look long term, so when we lose a business or deal to a competitor, it's only temporary because we know that they'll be dissatisfied in ten years' time because of the upgrade costs and a lot of other issues. And if we've kept our customers happy we can pick up customers from our competitors in ten years' time, which is how we built the business. So slowly, just whittling away from our competitors' base and moving people to us.

*And you also had early government customers. What role does government procurement play for you? What role does it play in Australia?*

It's interesting because when we started, we weren't really focused on government, or higher education. We actually focused originally on the more traditional industries of retail and distribution and manufacturing. So we were actually focused in those areas, which turned out to be very hard because we were competing head on with Oracle and SAP. They come from markets where retail, distribution and manufacturing is much more sophisticated than in Australia.

So we weren't playing to our strengths and we just by luck actually fell into government. We fell into a few government deals opportunistically, and we fell into higher education opportunistically as well. But we were not initially serious about those markets, because like everyone else, we thought retail, distribution and manufacturing was where all the money was. But then we started to realise that government was a big market, and that it was not poor. It was not well serviced. And so we really turned our attention to government and higher education, and really built the business around those two markets. But there was a bit more by luck than anything else.

But I must say that government's been very good for us. It's a key market, but they're very difficult to deal with. Very difficult. In the early days, we got in there because there weren't alternative products. There were a couple of government departments that were looking for accounting systems. And they wanted them to be based on relational database technology, and there weren't really many accounting systems based on relational database technology. Oracle hadn't at that stage released their accounting system. So there was only a few people they could talk to.

So we were very fortunate we were able to get in there and convince them to use our product, because there weren't a lot of alternatives. But government is very difficult to deal with. They are very much risk averse, so they prefer to go with the big brands like Oracle and SAP. Government decision making typically has been IT-led and again, IT departments like the big brands like Oracle and SAP. And typically they are big contracts, they have long sales cycles and the contracting terms are very horrendous. So is a very difficult market to break into and to be successful, because of those reasons. It was good initially to create an opportunity, and then we've been able to take that and really build the business off that. But it's very difficult in Australia to deal with government, because of those reasons.

*Are you including local government, because that's been one of your most successful markets? Now, those comments you just made – are they pertinent to state, federal, and local government or just for the higher echelons?*

Those comments don't apply at all to local government. State and federal very much are risk-averse, IT-led decisions. They love the big brands, if it's not Oracle and SAP, there's a lot of that attitude, the difficult contracting terms. Local governments are the opposite. Local

government is very much driven by efficiencies. They are dealing face to face with ratepayers all the time, they are at the coalface. And they're very complex businesses. And they run very, very efficiently. So we found them to be the opposite, the brands didn't really matter. They just wanted a good cost-effective solution that are very practical, down to earth organisations typically run by business people. The mayor, typically, is a business person in many of these local governments, so that filters through the whole organisation.

We found local government really easy to deal with. The opposite to Government. very pragmatic, very easy. And again, we fell into that more by accident. We sold our accounting system to a couple of councils, because the accounting standards changed and the existing vendors in local government hadn't kept up with the new accounting standards. Some of the bigger councils had to put in an accounting system that could comply to the new standards, but they were very much into totally integrated solutions. So we got in there with our accounting system and they loved it so much. They then said, why don't you build out more products for local government. They opened the door for us to expand and to become very prominent in local government. So we found local government very good to deal with.

*Did you mean that changes in legislation helped you to be more attractive and have a quicker way to approaching and changing a product, and that helped you to get these local government contracts initially, then that led to further sales?*

Local government was dominated by a number of companies here in Australia, software companies. I can't remember the names, so long ago now. One was ComputerAcc. Another one was called Paxus. And there was another one, probably the biggest one, there was another local government company that was quite big in Australia,

*I remember Civica, but I think they're a bit more recent.*

From the UK originally. Yeah.

*You're now the biggest supplier to local government in Australia?*

Yeah, we definitely are. We've taken over that marketplace and we are the biggest supplier to it. What happened was we just had an accounting solution. And because of the regulatory changes that happened, some of the bigger councils needed better accounting software, and the current providers in the marketplace that were selling end to end solutions. They couldn't provide the accounting bit anymore. So we got in by providing a compliant accounting solution and they loved it. The local government just loved the solution so much. And then they, opened up other opportunities for us to build HR and build property, regulatory and that sort of stuff. The other vendors that were in the market just slowly went out of business. They just didn't keep up to the technology. At that time technology was changing very quickly. And they weren't keep up to the technology. And because their product had been customised as well, they had lots of different versions of products out there. That made it really difficult for them to keep their products compliant because of all the different versions. A lot of the things that we did differently made our successful Local Government One version, we could keep it always compliant, we could continue to add new features, new functions, the fact that was user driven, the fact that was always in the latest technology, all those things really play to our strengths and local government.

*And what about higher education? Are your comments valid there, because that's another market that you've made your own.*

Higher education has been very good for us. All those markets have been good for us. Don't get me wrong. But with higher ed, they do like the brands again. They like the Oracles and the SAPs because it's seen as a smaller risk than dealing with a local vendor. So it has been a harder market for us to break into and to grow. But we are now probably, if not the dominant, almost the dominant vendor in higher ed in Australia and we continue to increase our presence there. People like Oracle and SAP are struggling to really deliver a global SaaS product and to offer a way for their customers to go to that global SaaS product without reimplementing. It's a total reimplementation and that's caused a lot of problems, which has created opportunities for us. So yeah, but they have been a more challenging longer sell for us like government, it's a longer sell cycle, takes a lot longer to win in those markets, because the big multinational brands that we are up against, that's been a problem Australia for a long time.

I think the multinationals have had a disproportionate presence in Australia. If you look at how big the Australian market is, and you look at how big the multinationals are here and the focus that they've had here, it's disproportionate to the market. And it really has challenged the local industry, because the multinationals have really been able to use their brand to exert huge influence and force particularly in government and government policy and government procurement and stuff. So it has been a challenge for the local industry here to survive because of the multinationals.

That's in the past. Today that's less so but in the past it was very difficult. I remember being on the Australian Information Industry Association Board, AIIA, which is the peak body for the Australian IT industry. You'd have the local companies and the multinationals all sitting around the board. And you could see the tension, with two different agendas happening. It's always been very difficult because of that.

*So what can Australian government do to increase innovation in companies from Australia?*

I think that will happen more naturally. As time goes on, I don't think you can really change government attitude in Australia. I think it will happen naturally. I remember 20 years ago, the government decided that they were going to have a 'buy Australian' factor. And so they came up with part of that tender, you'd have to fill in this compliance to show your Australian weighting as it were. We thought that was great, we were really pleased with that. Anyway, so we bid for some business and in the end, we were ranked lower than the multinationals as far as being an Australian company was concerned and our Australian contribution. That's how manipulated the whole system was. And we asked how could that be? They said if IBM wins the deal, they've committed to put another hundred people into Australia. But if you win the deal, you're not going to add any more people, or maybe two or three. So their contribution will be greater to the Australian economy than yours. Multinationals had influenced the way that policy had actually been implemented. So that even though the policy was based to really help Australian companies, that actually undermined Australian companies. It just shows you that the problem that we faced in Australia. But it will go away naturally, because the future is Software as a Service. Software as a Service has a very different sales cycle to the traditional sales cycle that governments have been used to. It is very much an end user led sales cycle with end users rather than IT departments making the decision. And because of that, I think there's an opportunity now for more Australia products to get into Australian Government. Let's take a look at their contracting terms, because for

smaller Australian software companies, the contracting terms are horrendous because they do put too much risk back on the vendor. If you're a small company that's very tough. But it is starting to change slowly.

*You were one of the founders for Software Queensland. Why were you involved, and what was the aim?*

Software Queensland goes back quite a long time. Might be 15 plus years ago. Pretty much it was just a small group of local IT companies. We met and had a cup of coffee and we were very unhappy with the way the Queensland Government was engaging with the local industry. And we felt that the AIIA was no longer representing the local industry well enough, so we needed to do something different.

Software Queensland was about how to represent Queensland software companies, not the multinationals, and represent them to the Queensland Government in a way that they could build policies to help the local industries. And it just started with a very informal cup of coffee between some of the local larger software companies here in Queensland. And we then decided to formalise that and start off with Queensland and provide the funding for it. And it started to engage with Queensland Government, started to impact on its policies and that sort of stuff. I've not been involved with it for six or seven years now. I think it's now part of the AIIA, so it's morphed into that.

*Maybe Can you talk about a few things that you initially did after the first cup of coffee, to really move things along?*

The big focus was on contracts. How the Queensland Government was contracting with the industry with some very onerous contract terms, with liquidated damages and performance guarantees and things that make it very hard for smaller local companies to engage with government. So that was the focus, to remove these really onerous terms. The Government here in Queensland went through a period where they really became very, very tough. It was performance guarantees, liquidated damages, and really the only people that could sign up to those things were the big multinationals. Or you had to be a very large Australian software company to take that risk on and to manage it. So that was one of the big focuses for originally was to get them to reconsider those things.

*And you're also became part of incubator that's also seeking to drive innovation for smaller software companies in Australia, in Queensland in this case. What was the aim there?*

Yeah, that that goes back to the early 2000s. We had just listed the company on the Australian Stock Exchange. That was during the dot.com boom. We were growing very fast and things were going really well. I was approached after the listing by a guy called Rick Anstey. Rick was looking at putting together with his partner an incubator to incubate start-ups, people that had ideas and they needed somewhere to be able to go and to be incubated, to be mentored and provide facilities and help them to build their prototypes and then help them to go to market. I really liked the idea, I thought it was a fantastic idea, to look at how we could encourage start-ups and nurture them. So I became involved with the incubator, and I was on their advisory board and then invested in the business as well, one point.

It reflected the experience I went through having founded a company and the challenges in those early six months trying to just find a place to set up, to have an office to be able to get access to computer equipment to be able to get some advice and guidance. Just to have

someone that you could talk to. It's very lonely when look at starting a business, and there's a lot of people that want to try to talk you out of it, and there's a lot of obstacles and issues. So all that resonated with me, having lived that experience of being one of the early start-ups. When he approached me about it, I thought wonderful, I'd love to get involved with that.

*Any other initiatives that you were involved in other than Software Queensland and incubators?*

For a while I was involved with them, and with the Australian Information Industry Association. I sat on the board and help them with their policies and stuff. And so that was an interesting number of years being involved. It really showed me the fact that the industry in Australia has been very dominated by multinationals for a long time, and it has led to a lot of conflict. Some people have tried to say that having strong multinationals has been good for the local start-ups, but it has been very challenging. Some of the multinationals have been good, but I think in the end they're there to build their business. While a local company can help and assist them, that's fine. But when it no longer can help and assist, then they cut the ties. It can be very, very dangerous those relations with the multinationals. We partnered with Oracle originally, and we were using Oracle licenses and stuff. And then when they decided to build their own applications, which became Oracle Financials. We didn't know they were doing it. And then when they released it, suddenly all the free Oracle licenses they gave us they wanted to take back.

We were lucky that we had relationship with Prime, and Prime could actually give us Oracle licenses, because they had a special deal with Oracle. They had exclusive rights to Oracle on their equipment. So they were able to give us the Oracle license to allow us to continue to survive, but they almost put us out of business. It was a good lesson for us. You can partner with multinationals, but you have to remember that it can be dangerous too.

*So what else could be done to support Australian small start-ups and innovative companies? Cutting red tape seems to be a good idea from listening to you. Providing mentorship? Something else, from your experience?*

*What would you like to see more done in Australia to have really more homegrown Australian software companies?*

The main thing we could do is to engage with the start-up community and listen to what they need. Government needs to understand that that's the future of Australia. The future of Australia isn't multinationals and it's not big companies like TechnologyOne. It's the start-ups, they're the future for this country. And government needs to engage directly with that community, because there is a whole different ecosystem out there, it's so different.

I get involved a lot with start-ups and I now invest in a lot of start-ups. I'm just totally amazed that there is this alternative universe, the start-up universe, which has so much potential. And we're just starting to see it. We're seeing people like Canva. We're seeing other ones that are just growing so quickly becoming huge companies. It's a whole different ecosystem to the ecosystem that the IT industry in Australia has traditionally been. It thinks differently, it behaves differently. It has different requirements. The government has to engage directly with them, with that community and with the VCs and that sort of stuff and really understand what they need to do to support it.

I'll give an example. The Government currently has R&D grants. These R&D grants we can get them and CBA and multinationals can get them. It's crazy that we can get them. We don't need R&D grants, we shouldn't get the R&D grants. Our R&D is not influenced in the least by those grants, but we get them. It's a waste of money. Now, sure, money is nice to get. But it doesn't make a difference for companies like us. It doesn't make sense that a multinational can get an R&D grant when the IP doesn't stay here. And it doesn't make sense that CBA can get R&D grants. They need to stop this. The R&D grant needs to go to the start-ups. That's where the money needs to go. All of it needs to go to start-ups. And they need to get rid of all the red tape and all the bureaucracy. They just increased, about 12 months ago, the bureaucracy that's required to get the R&D grants. We have all the systems and the processes in place so it doesn't impact us. For a start-up, it makes it almost impossible now to get an R&D grant.

*You've said that for many large businesses and universities these days, the procurement processes are incredibly difficult. What do you think Australia can do to make it easier not only to for start-ups to engage with governments, but also for large corporations who seem to put up their own red tape, given how compliance-driven and risk averse our companies have become, in the last 10 to 15 years. What can we do in order to bring about a culture change?*

I think that's really, really hard. It's a good question. It's really hard because in the end, the universities have to educate and to do research, and how can they take risks with new start-ups? I'm not sure. I think they find it really hard. They talk about it. But in the end, when the time comes, it's a long contracting process with universities, it's like government. The contracts are very heavy and they're very difficult. I think it is hard for universities to change, just like it's hard for big companies to change. I'm not sure that that will change, from the university side or from the government side or the corporate side, I think they will always be that way.

We are starting to see that SaaS businesses evolve in such a way that they are getting into big organisations around the side, which I think is the future. So what you'll find is more viral sell, they will get into a small department, maybe in a university or in a corporation or in a government department. They'll get in for very little money, it's almost like a freemium piece of software. You get to use that software, and you get to like it and enjoy it, then you start to invite other people to start using that software. And then as you invite other people, then you start to have to pay a little bit of money. And so you put your credit card down, and you start to add more users. And then before you know it, you know, there's 20 30-50 users in an organisation using this piece of software. And then someone puts a request up to get another hundred users and because it's already in they are happy to pay for that extra hundred users, it's not a lot of money.

*We always seem to mention the same handful of software companies such as Atlassian and Canva. What can we do as a country to attract or keep many of those start-ups as they grow? Keep them from moving overseas, build our own software platform ecosystems?*

It's very hard to stop them because they are born global these days. If you look at a lot of the start-ups and the VCs that get behind them, they are born with a global mindset from day one. It's to build a product that will operate globally. One global code line, one SaaS platform. They don't really have a commitment to Australia.

If you look at Atlassian, for example, their actual head office is in Australia, but their registered office is somewhere in Europe, it might be the UK, I think, and they are listed on the NASDAQ. I think we'll see a lot more people less wedded to the country. So it is a big challenge for us. How do you keep these people in our country? But they don't think like that. It's a new generation. It is a big challenge. If we make it difficult for them, they have no compunction in setting up a registered office in Ireland and listing on NASDAQ. It's too difficult. I don't have an answer to that. But I do see that there is that lack of deep rooted commitment to the country.

*And you mentioned listing the company and VC capital accessibility as well as reasons.*

You've got the VCs getting involved in these start-ups. They have a formula that they use, and that formula has no relevance to being Australia based. It just happens that the company started in Australia, but the VC really doesn't care. They will structure the business as it grows to be optimal for the end result, which could be listing in the NASDAQ and changing the head office to be somewhere else. That's the reality of it. There's a lot of very smart money now coming into the start-up world. And it's a very different world, a very different system to the traditional IT ecosystem we've seen in the past.

*Maybe to flip the question a bit on its head. When you go back to 1987 when you started your company, what would you have liked to see that you didn't have? What could have been better for you?*

We had nothing in place. I've got to be honest. I mean, there were no VCs back then. There was no rulebook, there was no way to do it. We were an anathema. We're a company that was started to build real software products using leading edge technology, based around really deep research. And there was no rulebook on how to do it. There were no VCs, there was no funding for it, we had nothing back then.

I remember going to the banks trying to get money and they didn't want to lend to a business that was trying to build software, they didn't even understand software. It's come a long way since then. The world understands start-ups and understands VC and understands the progression of how companies start up. How they get an angel investor and then they get some seed capital and then how they get some significant VC funding and there's a whole formula to it. You follow that and there's so much advice and guidance out there. There's websites dedicated to it, you can go to websites, and there's just so much material about how you do your pitch deck and how you do your first raise, and how do you engage with the VC community early, many years before you need to actually do a significant raise from them. There's all this material there. We've come a long way.

*But apart from material access to funds with VC, any other things that could have helped you?*

Oh, that was the big one. Suddenly, money. You can't start a business if you don't have the knowledge. We made so many mistakes, because we'd never done it before. We were learning as we were going. There was just no way we could see the path. We had to invent the path. I think the good thing that we did is we knew that cutting-edge technology was the key to being successful. Even today that still drives us. We're always looking for that cutting-edge technology and AI that we will use to build the next generation of products. That's the key because these new technologies really enable things that weren't possible before. And that's what the SaaS community is doing today. And the start-ups are using new technology to do things that weren't possible before, to redefine the landscape. That's what we did back

then. And we were lucky that we could get access to that leading-edge technology. In that case, it was relational database technology, a new way to store and retrieve data. And then it was client/server, which was the graphic user interface, and then it was the Internet. And then more recently, it's been SaaS. I think that's probably the thing that we were very fortunate about, we were able to tie into that technology that made it possible.

*Maybe I can tie in here one question. You said you made some mistakes that helped you to learn. Is there something that comes to mind in particular of one of the mistakes and really helped you to learn?*

I say to people all the time, if you're looking at TechnologyOne, for the first 10 years, it used to drive me to distraction because we made so many mistakes, I kept thinking, Oh my God, we just keep making these mistakes. I didn't realise that the mistakes were actually what made us a great company. Even today, we make lots of mistakes, but it's our strength. It's our superpower that we make all these mistakes, and we learn from them. A good example is when we build our SaaS business. We had no idea what SaaS was. No idea at all. There was a guy back 10 years ago who I remember talking to. One of our institutional investors. I was saying we were going to build what we called a cloud business back then. He said to us, why would you do that? Who's going to put their data in your cloud? Are government departments gonna put their data in your cloud? Are universities? Are local government gonna put their data in your cloud? This doesn't make any sense.

Anyway, we decided we would still do it. And so we built what we called a cloud service or SaaS business. The first few versions of that cloud business were just a disaster. It was so bad. It was just totally the wrong direction. But we worked with our early adopter customers. And every mistake we made, we learned from and we kept refining and refining and refining, and those mistakes led us to build our global SaaS platform today, which is underpinning the company's continuing strong growth. It's a true multi-talented global SaaS platform that scales up and scales down.

We made lots of mistakes to get there. I think that's probably the most important thing about TechnologyOne, and that's what I look for in start-ups. Companies that are at the cutting edge. They're making mistakes, but they're learning from the mistakes. That's what I look for.

I see two types of start-ups. Those that will make mistakes, and learn and adapt and change and pivot. And those that just continue to make the same mistake over and over again. They're the ones that go out of business. It is interesting, watching human nature work. Some people are able to change, even though it's tough and hard. When we started, we were in the wrong markets, we were in retail, distribution, manufacturing. We pivoted totally out of that into local government and government. That's a huge change, to pivot like that. And we pivoted very quickly once we saw the opportunity. When PCs came along, we pivoted from green screens to rebuilding our products to be client/server. We just pivoted the whole business, we pivoted the business to become a SaaS business. That's the key thing that made us successful. The ability to make mistakes, to learn, to pivot, to change.

*Speaking of government, you obviously have a lot of experience dealing with them as your customers. But what do you think – big picture-wise from back in the day? What can government do to strengthen the emerging IT sectors in Australia?*

*There are multinationals for example, that compete or are looking to buy up start-ups. Is there anything that you can think of that we as a country can do in terms of regulatory frameworks to keep and grow our local IT industry in terms of employment and what have you?*

I think it goes back to what I was saying earlier. I think the Government needs to not look at the IT industry as one industry. It needs to say there are multi dimensions. The dimension that really counts is the start-ups. And that's where we need to focus. No point focusing on the multinationals, no point focusing on TechOne, those sort of companies, or the Atlassians, or whatever. It's about the start-ups. They need to understand that ecosystem. They have to engage with it. That's the one they've got to put the money into, and the commitments too. They need to provide the regulatory framework. For me, it's crazy in Australia that it's so hard to issue options to employees in start-ups. It penalises them. Why wouldn't you just come up with a framework of options for start-ups? You can put a box around it, and make it so attractive to issue options to employees, rather than having it so complicated, so difficult, and the tax consequences are horrendous. They could put a box around it and say: Look, this policy will apply just to start-ups and come up with something that makes it so powerful to incentivise employees in start-ups.

But it's just far too difficult, along with the R&D grants. Channel it down to the start-ups. And look at the other issues that the start-ups are facing with raising capital. Trying to realise a loss in a start-up is almost impossible. In this country it's just so difficult. If a start-up doesn't succeed, it is really hard to realise that loss because of the regulatory framework. That makes it less attractive to invest. They need to look at that part of the ecosystem, because that's where the big winners of the future are going to come from. That's where the next Canva and the next Afterpay is going to come from. They're the ones that they need to really look at, and nurture and create that framework and address this issue of how do you get them to commit to Australia long term, rather than the short term commitment. But they're not doing that. They look at the IT industry as this big industry, and they look at it with this very wide view. I just think that's wrong. It's the start-ups that matter. That's the future. That's where all the wealth creation is going to come from. That's where all that innovation is going to come from.

*And your company made the decision not to move overseas, to stay in Australia. What helped you guys to do that? You had a big offer from overseas.*

Yeah, we did. Look, to be honest, I just think I'm just old generation. My generation, we think differently, we behave differently. We have a deep emotional connection to our communities and to Australia. I think that that made the difference. We were deeply wedded to this country and to stay here. We're very integrated into the community here in Australia as well and the network so that was it. That's historical. I don't think the next generation is like that at all. They don't think like that. One start-up in particular I'm involved with the moment, from day one they have offices in Canada and the US and the UK. From day one it was always a global vision. They were born global, and it's just so different. I think local and they think global.

*Our last question. What was your biggest disappointment in your career with the IT industry in Australia? If you have more than one you can mention more than one.*

The biggest disappointment was to see government let long term supply contracts to Oracle and to SAP that pretty much freezes out a lot of the local IT industry. Here in Queensland, for example, they have a long-term supply contract with SAP. It's a very old product, it's been heavily customised, it's cost them like hundreds of millions of dollars to upgrade. It's a decision that goes back probably 20 years. It's not good for the taxpayers, it's not good for the department. It's not good for the local industry.

In South Australia they have a long-term contract with Masterpiece. You see that in Canberra. They're not good, those long term supply contracts. They've really frozen out the local industry for a long time. Contracts should be put back to tender on a regular basis, every five or six or seven years, but they don't do that.

So that's probably one of the biggest disappointments. Government could have played a big role in nurturing more for the local IT industry but they that didn't do that. And they're not changing. They've still got these long-term supply contracts and they don't put them out to tender.

*End*