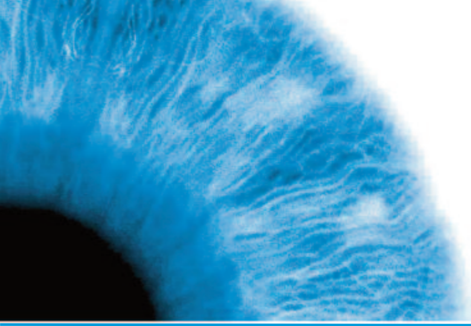

GS-insight

people • technology • business

Issue 20

GILLAMOR STEPHENS

In this issue

2 **Non Executive View**

Nick Discombe provides insight into the role of Chairman and Non-Executives in PE backed businesses

4 **Executive View**

Sean Riddell, CEO of EMIS, discusses the process of taking a company through an IPO

6 **Sector Insight**

Simon Owen, Lead Partner of Deloitte's Enterprise Risk Practice, considers current developments in enterprise risk

8 **International Insight**

Ian Snadden, VP EMEA of Intermec, outlines his approach to scaling an international business

9 **Sound Buyte**

Industry analyst Ian Spence of Megabuyte, offers a perspective on the current resurgence of PE deals

10 **Leadership**

Jeremy Duggan, VP & GM EMEA of BMC, gives insight into his views on driving sustainable business growth

12 **Gillamor Stephens Insight**

Steve Morrison of Gillamor Stephens provides an update on the executive search marketplace and the company's global vision

Successfully planning a healthy IPO

"2011 IPO of the Year" award winner EMIS Group CEO Sean Riddell reveals why the business pursued an IPO

When we approached the idea of an IPO, EMIS was fundamentally still a family run company. Two of the founders were approaching retirement and we could see the necessity of planning a natural succession - not just in management terms, but in governance and guidance of the company.

It was a tough decision regarding the best exit strategy. Selling would involve finding the right person to take over that responsibility and ensuring that the Group direction of travel continued in the vein that it was first founded on; however staying as we were was not an option because time marches on.

It was decided that our direction of travel, our management expertise, our vision of holding the health of the nation at the forefront of our business was still aligned with the original vision of the company, and that therefore a trade sale was out. Stasis was not possible, which left an IPO as logically the best option.

When we started looking at the IPO, the key drivers were "who is our customer, and will this benefit them?" EMIS typically deal with governments, providing sensitive software. We felt that being a private company was not the most positive approach to winning future contracts - and instead that the governance transparency of a PLC would be viewed as advantageous.

Having made the decision to float, we did it in three months despite the tough market conditions of early 2010. If you decide the best structure for the company to grow and to implement new contracts is a PLC, then don't hang around.

Article continues pages 4-5

Viewfinder

Welcome to the twentieth edition of GS-insight, the quarterly magazine from international executive search firm, Gillamor Stephens. In this issue we consider a variety of topics relevant to technology companies and the investment community. Key figures from the industry provide insight and perspective on issues such as: taking a technology company through the IPO process, the current resurgence in private equity deals, the role of the Non-Executive in PE backed businesses, enterprise risk, how to drive growth in challenging economic times and the importance of directionally perfect "go-to market" models. In addition we provide an update on our global vision which has resulted in the creation of the Access Search Partnership www.accesssearchpartners.com

Gillamor Stephens is the leading executive search company serving the European technology, online and cleantech sectors. We have extensive experience of helping our clients build and strengthen their executive and non-executive teams. Our work focuses on hiring executives for both publicly listed and venture capital/private equity backed businesses.

GS-insight can be viewed and downloaded from www.gillamorstephens.com

Steve Morrison, Partner, Gillamor Stephens

Board Identity

Nick Discombe, successful Chairman and Non-Executive Director of PE backed technology companies shares his experience and insight

As an extremely successful Chief Executive, what prompted you to move into advisory and Non-Executive roles?
It was a personal decision. It is very challenging being a NASDAQ Chief Executive, charging around the world whilst rarely seeing my family and young children. I wanted to be a better Dad and find time to do other things, whilst finding a different sort of challenge from that of being a CEO. Non-Executive roles and advisory roles utilise a different skill set, whilst also leaving time for other things - I'm a visiting lecturer at a couple of universities, I'm a fine wine investor. I went skiing for the first time in my life when I was 46 years old - it just made sense to make this step.

> “a Chairman provides a stabilising influence, helping people see the wood from the trees”

Why did you choose to focus on Chairman roles in PE backed businesses rather than Public?
With PE backed Chairman roles there is an opportunity to enjoy the journey more, plus I think the rewards reflect your effort more clearly. In a Public company I think that the focus is more traditional, revolving around making sure the company has the right CEO, ensuring an effective strategy, then holding the CEO to account. The rest of your time is spent on governance making sure the company is properly run and organised.

All of that is true in PE too, however I feel that there is much more emphasis around helping the Executive team and being closer to the business. You need to be careful not to confuse anyone about who is the CEO, but I think there is a different dynamic in the boardroom, and more emphasis on adding value. There aren't the sort of complications that you can get with public company boards. Matters and decision making can often be simpler, as PE boards tend to be smaller focussed solely around the business.

What do you feel are the key attributes of an effective Chairman within a PE backed business?
I think a lot of those attributes translate to any kind of business although situations vary depending on the CEO and where the business is in terms of its cycle. Things can get pretty heated running a business, and generally Management Teams are made up of very smart people with very strong opinions. Often a Chairman provides a stabilising influence, helping people see the wood from the trees, through encouraging an open dialogue, whilst being supportive around focusing on the key business objectives. Sometimes being a Non Exec Chairman is as simple as being a good listener and a trusted, supportive sounding board.

How important is relevant sector experience for Chairmen?
I think the smaller the business, the more important it is. In smaller businesses relevant experience is vital in gaining the respect of the Executive and also to be able to add sufficient value to be worthwhile. With larger scale businesses then maybe sector is less important, because more of the skills are transferable.

In the four plus years that you have been a Non-Executive, a Chairman, the global financial crisis came to the fore. Has that changed the way boards think?
I think boards perhaps are more sensitive to valuation bubbles. When you have seen the speed with which bubbles come and go you understand that the cycle has shrunk, which has refocused peoples' minds.

Within the PE world, most of the acquired businesses have some kind of security gained from recurring revenue lines. It doesn't necessarily have to be SaaS, it can be hosted or on-premise. It's more the business model that folks look for, and it's those kinds of businesses with those kind of revenue models that PE tend to focus on.

So when recession comes, as long as your customers remain in business and your retention rate

“there is a dearth of classy assets, so when something special comes along, there is a lot of cash and energy chasing it”

stays high, you avoid many challenges that a classical perpetual business model would encounter. PE boards are now more sensitive to asset price bubbles and timing when considering exiting a business – timing has gained even more importance given how quickly valuations respond to wider market volatility. However, irrespective of short term fluctuations in asset prices, there is no substitute for building a great business and timing the exit carefully – having a great business brings many more options...

How do you see the market at the moment from a private equity perspective?

Well, there's a lot of money around, I think the US markets are back to levels of debt that can be obtained on businesses that are, if anything, higher than the bubble in 2007. I think in London and Europe those debt markets are a bit behind, but nevertheless, the debt markets for the right sorts of assets are back.

Many of the private equity firms sat out 2009 - they raised funds, and there is a lot of money around. However there is a dearth of classy assets, so when something special comes along, there is a lot of cash and energy chasing it. Prices reflect this - so for the right asset, prices continue to be frothy.

What about the health of public markets for UK businesses looking for an exit?

I think that the UK is difficult. The markets look for scale; I hear people talking about the US NASDAQ potentially being a better proposition as it can offer better valuations. But again you need scale to stand out, and you need something fairly unique to make that worthwhile. It’s a big cost. There's a lot of legislation overhead that kind of comes with that.

Instead I think we will see more secondary and tertiary buyouts from Private Equity firms. Also the big technology companies are active in M&A with the balance sheets, cash positions and stock price to continue to spend.

How do you balance your time?

I tend to talk to the CEO at least once a week. If there's something going on, an M&A or significant activity in the business, I'll probably catch up more than that. There is the board cycle which can be challenging, because financials reports tend to become available in the third week of the month and therefore this can clash within your portfolio. However you find a rhythm and can build personal time into this. But there are times when you need to be pretty focussed and multitask efficiently, because when the Chief Executive wants to chat to you and says, “this is important,” you need to be on hand.

Nick Discombe - a Brief Biography

Current Private Equity Portfolio - Iris (one of the largest private software providers in the UK) Chairman – Lumesse (was StepStone Solutions a global leader in talent management solutions) Chairman – Thomson Online Benefits (employee benefits consultancy and technology provider) Chairman as well as Advisor & Non Exec to two other companies in the financial services area.

Previous Chairmanships have included PE backed Complinet as well as Rolfe & Nolan. In 2009 joined Lord Young as part of the panel of national judges for Ernst & Young’s Entrepreneur of the Year Program.

Executive Experience - Nick was CEO at the time of exit of US based Witness Systems (NASDAQ – WITS) for just over $1bn in June 2007. He joined Witness Systems following the successful merger of Witness Systems and Eyretel. He had previously spent five years with Eyretel, and was CEO in 2000 when Eyretel successfully completed its IPO on the London Stock Exchange. Prior to this Nick served as president at Synon Europe.

Besides Nick’s PE/VC activities he is also a Visiting Lecturer and is an active investor in fine wine.

A Healthy Return

Sean Riddell, CEO of leading healthcare software provider EMIS, discusses his experience of floating the company on AIM

What were the timelines surrounding EMIS' flotation?

We decided roughly three or four months before we listed that we were going to float, that is a very short time period. The process was not too onerous because the company is quite mature in its management structures. It was possible for some of the commercial team to extract themselves from the day to day activities to manage the IPO process with me.

Having been established in 1987 we are mature enough to have robust internal structures in place - as an example our document management system for legal contracts is cross-indexed, so if we want to find any information it's very easy. We use a QA system for the management of the company, we use a well-developed ERM system, so to actually get the information and do the due diligence required for an IPO wasn't the nightmare it could have been. We are a software house, so when it comes down to how we run a CRM system, how we run document management, how we run contracts, we had put in the right processes when we started out. So we were a BS 7799 company, which I think became ISO 9001; we had the quality standard that you need to show that you are safe to be running a healthcare company.

Additionally, and as importantly, I had Directors and Managers who continued to do their day job and run the company whilst I focused on the flotation.

Having made the decision to float, were you not concerned regarding the market conditions of Spring 2010?

> "When considering an IPO you need to make sure you can free up your time, that there is a true business case and that the internal processes are in place to make it pain free"

We saw that we had a strong business, a strong management team with a clear strategy - we knew what we were doing, where we were going to go and how we were going to get there. We knew that anybody looking at the company in much detail would see that it was a fair bet.

Was there a debate about whether to go for a full listing rather than AIM?

Yes, there was a debate, but it didn't last long. We saw that we'd been a private company for 21 years, so in becoming a Public company, it was firmly crawl, walk and only then run. We chose to go into the AIM market because it is less onerous at the first stage of our Public life.

You mentioned the importance of having a good team around you. Was the flotation process particularly impactful on your time?

Yes, absolutely. EMIS is a Yorkshire-based company, based in Leeds. We looked at the implications of travel time, in terms of what would be required, how many meetings, the demands on management resource, and as a result decided that we would have our advisors, our NOMAD, legal team and our accountants all based here in Leeds. This saved a huge amount of travel time, which was vital as there was an awful lot of management time taken up with the IPO process and of course we needed to keep a focus on our day to day business.

When considering an IPO you need to make sure you can free up your time, that there is a true business case and that the internal processes are in place to make it pain free.

How has your role as CEO changed now that you lead an AIM-listed business?

There isn't any fundamental change because the core of my role is still

“As long as you’re focussing on winning contracts and delivering on your commitments, then the City will take care of itself”

running a company. I still have to lead it and drive it forward, give it direction and make sure that the internal management structures continue being supported. We’ve introduced a Share Incentive Plan (SIP) for the company and are looking to introduce other share options schemes across the management team. Indeed our ideal picture would be that everybody who works at EMIS is also a shareholder.

EMIS came onto the market at a £175m market capitalisation and it’s now about £310m. What have been the drivers of that positive progression?

I think a great deal of our success is due to KPIs being totally healthcare business focussed. We’re focused on the delivery of our next generation healthcare system - in turn the rollout of those products enables us to continue to be a successful, profitable company, as well as helping our customers deliver better and more cost-effective patient care. As long as you're focussing on winning contracts and delivering on your commitments, then the City will take care of itself.

What is your view of the healthcare technology market moving forward?

At its heart, healthcare is all about doctors seeing patients. We focus on capturing the data and supporting that clinical intervention. Despite the continuing changes in the administrative and political structure of the NHS as it evolves, what doesn’t change is the requirements of dealing with patients, so streamlining and improving the way that IT can improve the care of the patient as they travel through the multiple different specialities of the NHS will always be vital. We focus on that core process and if you focus on that core process, you can't go far wrong.

Key is the use of technology to improve access to information through the patient’s journey and to remove paper flows, which are expensive because of the bureaucracy and admin involved. So it’s all about really streamlining that process, focussing on a patient centric approach and having software supporting the clinician in delivering care to the patient. Again, if you’re a healthcare software company, that’s what you do. Organisational entities will always be changing and evolving but what you’re looking at is the best care for each patient and how your IT can support it. Patients still need to see GPs, GPs still need to refer patients and write medication. You just look to use IT to streamline the process and remove clinical risk. The rest is easy!

Sean Riddell

Egton Medical Information Systems Ltd (EMIS) (www.emis-online.com) is a leading primary care software provider with more than 39 million patient records entrusted to its systems. As at 18 March 2011, 53.8% of GP practices in the UK use an EMIS system. EMIS floated on AIM in March 2010.

Gillamor Stephens has a healthy relationship with EMIS, recently recruiting Mike O’Leary as the Non-Executive Chairman, as well as hiring the Managing Director, patient.co.uk and Managing Director, EMIS Data Services.

Taking threat out of risk agenda

Simon Owen, Lead Partner of Deloitte's Enterprise Risk Practice, discusses how best to take a Risk Intelligent approach

It used to be that security and resilience simply involved high walls and standing big men outside them. Now Chief Security Officers (CSOs) working for large organisations - banks, oil, gas, retail etc - are seeing a level of attack, not just in terms of numbers and intensity, but also intelligence, that is far beyond where we were 5, 10 years ago. In addition it is not enough to secure your own castle; you have to consider your extended perimeter and other business partners and the implications of the "weakest link" scenario on the integrity of your operations.

All of this means that while 5 years ago, Deloitte's Enterprise Risk Services (ERS) division might be talking to just the IT Director, or Head of Security, the 1000-person practice is now having conversations across the entire Management team and Board about the broad enterprise risks that their organisation face, and how to take an intelligent approach to managing them.

Continuity conquers chaos

In many major corporations the question of a disaster recovery plan will be raised – and a dusty document will be pointed to. I can't speak for your organisation, but in a disturbing number if I asked "what are you going to do if at 11 o'clock tonight you discover there will be no building here tomorrow?" I would be met by panic.

If you are based in the centre of London, there is always a real threat of malicious intent - fundamentalism, terrorism – even more so with the 2012 Olympic Games coming up. Further afield many organisations operate in a landscape with more of a natural challenge, flooding or earthquake scenarios. A company's resilience procedures and physical security might be excellent, but that won't help when the whole building is flooded.

> "A company's resilience procedures and physical security might be excellent, but that won't help when the whole building is flooded"

In the face of such threats many organisations have an IT disaster recovery plan, creating "failover sites" – blank faced warm or semi-warm offices where you can throw a switch and recreate a working environment for a core part of the business. However, if you have 3,000 employees based in a city, where do you put them? You can get them all to work from home, but that requires order and process. You can't have an HR desk standing outside the Fire Brigade cordon saying, "Right, you're all to work from home today." Business continuity involves thinking beyond physical security and the immediate disaster recovery and considering the day-to-day operations of getting the business back up and running.

Electronic security gets physical

During the Bosnian crisis NATO got hacked by fundamentalists who turned the lights off for a short period of time. Currently, a series of breaches at Sony has affected 77 million Play-Station Network customers' privacy and security. The concerns regarding cyber security are not new. What is new is the intelligence and the multifaceted ways that organisations or individuals are attacking companies combining electronic and physical attacks for anything from corporate espionage through to malicious intent.

As an example, people with malicious intent are being placed in organisations having invested time building a "clean" profile. They apply for a job, anything from a part-time contractor cleaner upwards, and are placed into the organisation to facilitate, or assist in some form of attack. One of the most important security defences CSOs have against these types of attacks is their take-on procedures for staff; they must consider how they security vet people. Questioning how they, subject to UK privacy laws, undertake the necessary checks to mitigate this risk.

On the cyber security front organisations continually bolster

"Where we start fresh relationships, we don't bring marketing paraphernalia, we just come along, mouth shut, ears open, and listen"

their electronic gates and fences. However the level of intelligence applied to these attacks is increasing, probably at a faster rate than the level of defence for many organisations, and the intelligence applied to defence. As an example, see how Sony, an organisation committed to electronics, which should be leading edge on security, has been brought low. All it takes is someone to find the smallest hole for defences to be completely negated.

This is why companies like Deloitte are essential in helping organisations appreciate "Risk" in every sense, before it comes back and bites them. We help put in a sensible and pragmatic set of controls and processes to mitigate risk, so that they're in better shape going forward.

Success factors

The ERS team in Deloitte has recently grown from 250 to 950 people, and has been the fastest growing advisory team within Deloitte UK for several years. Some of this is testament to the appreciation and understanding of risk in corporates. However I believe that there are additional factors involved:

Keen market intelligence

The ERS team are all client-facing, taking the temperature of the market, not just sitting complacent in hallowed towers. They're putting their coat on, wearing their shoes out talking to their clients. This intelligence is hugely powerful when we think about "What is the market telling us? Where do we want to be?" It allows the company to innovate and quickly respond to the market. I was once asked, "How many in-house subject-matter experts do you have?" And my response was, "950. But none of them are in-house. They're working on site at our clients."

Simon Owen

Simon Owen is Lead Partner of Deloitte Enterprise Risk Services (ERS) Practice in the UK and he is also the Deputy Global Leader for ERS within Deloitte. He has nearly 20 years of experience in the field of technology risk, information security, and business continuity. Prior to joining Deloitte in 1997, Simon was responsible for security and control at a leading UK financial institution.

Forward thinking

I think one of the key reasons for our success is that we have a team of partners that live and breathe the subject in the market. When you've got that level of appreciation and understanding for the subject, you start to think ahead of where the market is today. You start to think about where could this be? What are the sorts of risks? What are the emerging risks? And how are those emerging risks joined together into a bigger picture? One of the key factors of the success of the business is to look forward, to think about the future state of the risk environment, to examine what corporates need to be considering now, to prepare them for situations in 6, 12, 24 months' time.

Break the mould

We try to develop innovative propositions that play to the market demands today and in the short term. We have been bold internally with removing rigid structures and a mentality of "We've always done it this way so we should always have this type of proposition or this type of service." Frankly, if that doesn't resonate with the market, it goes out.

Listen to the client

Where we start fresh relationships, we don't bring marketing paraphernalia, we just come along, mouth shut, ears open, and listen. It doesn't do us any good in the long term if we try to sell a professional service that frankly an organisation doesn't need. A relaxed conversation about what risk management means to the organisation, their current challenges in this regard and their process means that a truly meaningful and successful relationship can be built.

Rules of Engagement

Ian Snadden, VP EMEA of inventory tracking and supply chain solutions business Intermec, explains his approach to scaling an international business

Directionally perfect blueprint

I use a "directionally perfect" go-to-market model to manage change and monitor progress. The model recognises different starting points in each country or market, based on maturity and scale, forms an "end game" blueprint and then works to ensure directionally perfect execution. The central idea of the model is that not moving (maintaining the status quo) or moving in the wrong direction (e.g. just growing direct business) are both unsustainable, and therefore the only directionally perfect way is moving towards the target operating model.

Sales expansion through serial entrepreneurialism

With emerging markets, our expansion approach typically develops through the following three phases of maturity:

First phase - serial entrepreneurialism - recruit an end user Sales Rep to identify global customers active in the region, utilising this to leverage a bridge head sale, then establish a local partner to conduct the transaction and provide support. This model can replicate quickly across multinational and global accounts.

Second phase - build a support network - recruit a channel development person to work with and develop additional partners to increase coverage and representation into vertical markets.

Third phase - scale business - engage with distribution Partners to appoint additional partners and develop a programmatic approach.

Delivering the perfect channel structure

The ideal distribution model is as applicable for a small emerging country as for a whole region. It begins with seeking at least two strong partners for each country, and scales to having at least two strong distributors in each mature, active country; this ties into the overarching regional network. Often the most mature markets like Germany, France and the UK progress on to pan-EMEA distribution for added efficiency.

As the sales channel and Partner networks scale, distribution plays an increasingly active role as it prevents the need to contemplate the economies in providing credit to hundreds of partners, or carry the inventory to service that many dependants.

Establishing an initial reseller structure is vital as the number of Partners scales rapidly. Intermec has three tiers of accredited EMEA VAR Partners – 100 Platinum, 250 Gold and 2,500 Silver Partners. At each level there is a requirement for training, certification and system engineers. Higher accreditation brings incentives such as cooperative marketing funds, joint development activities, direct access to high touch sales force and account management.

Ian Snadden

Ian Snadden possesses over 20 years of technology industry sales and GM experience gained at Digital, Compaq and Fujitsu Siemens Computers in Large Enterprise, Channel Sales and Services. Prior to joining Intermec, Ian was VP & GM Systems & Technology at Unisys UK.

The importance of establishing boundaries

Channel Partners allow companies to reduce infrastructure costs – however in return you must commit to clear rules of engagement. The Channel will invest in you as long as they feel safe that their investment of time and money will be seen in returns. An agreement has to be reached where you commit to investing in Channel Partners, providing training programmes and preserving an acceptable level of margin.

Every tier in the channel understands our commitment to them and what we expect in return. It is a carrot and stick combination of incentives against requirements to maintain accreditation, with relegation if a partner is not living up to commitments. Of course there is the temptation of large deals outside of your agreed top accounts, where you want to go direct and alone. However this is not viable, as it is vital that you maintain the honesty and integrity of your go-to-market policy - Partners need to know that they are colleagues, not the competition.

How long will the PE premium last?

A perspective from Ian Spence of Megabuyte

As stockmarkets around the world continue to struggle under the weight of so many macro issues, we are reminded of how long and drawn out the economic and stock market recovery is proving to be. This also reminds us of how little primary stock market fundraising activity there has been in the last year and how this contrasts so dramatically with resurgent activity in the private equity sector. Moreover, in many cases, the prices paid in these private equity deals is as high, or even higher, than stock market or equivalent trade deals. But how long can, or should, this PE premium last?

After the briefest of windows in the IPO market in Q1 2010 which saw four technology companies raise some £250m from institutional investors, since then, there have been only a small handful of sub £50m IPOs. By contrast, over the last 12-18 months we have seen a dramatic resurgence of private equity deals in the IT and telecoms sectors, particularly in the £50-£100m deal size range. In the telecoms sector there has been a significant number of deals over the last year including, Manx Telecom (Hg Capital), XLN Telecom (ECI), Spice (Gresham), Host Europe (Montagu) and Unicom (Vitruvian). And, if anything, the IT sector has been even more active. We have covered fund raisings by Acturis (Summit), AppSense (Goldman), Access Technology (Lyceum), Fourth Hospitality (ECI), Mimecast (Index), Sophos (Apax) and 2e2 (Hutton Collins) amongst others.

We estimate the private equity industry has invested over £1bn in the UK IT and telecoms sectors since the start of 2010.

But it is not only the divergent level of activity between private equity and the stockmarket; it is the difference in valuations that is striking. Many of private equity investments above have been struck at multiples higher than either a strategic buyer or the stock market would have valued them. So what is driving this valuation gap?

To our mind there are two main factors at work here; excess capital in the private equity sector and nervous institutional investors demanding excessive IPO discounts. Looking at the first of these two issues, it is well documented that the private equity sector is still struggling to invest the huge sums of money it raised in the boom years and there are also new funds being raised by investors with strong track records which also need to be put to work. Rather than lower the quality threshold to overcome the excess of demand for companies in which to invest over supply, PE investors are choosing to pay up for the quality companies.

Looking at the second element that is creating the valuation gap, we do not believe that it is a lack of capital per se that is dampening the IPO market but more an ongoing nervousness amongst institutional investors about investing in new companies. This nervousness is manifesting itself as a requirement for a substantial IPO discount. So when there are such attractive prices being paid by the private equity community, what possible incentive is there for a company to go through all of the risk and hard work of an IPO just to have a massively discounted valuation applied to the company?

So, to get back to our original question; for how long can this valuation and activity gap continue? There has been much evidence to suggest that, over the medium to long term, private equity investors need a healthy stock market as a viable exit route in order to deliver appropriate returns to their investors. This may well be true but it does not stop a company staying in private hands through two or three rounds of private equity funding thereby skipping the small cap end of the market altogether.

So, whilst we would not be so bold as to suggest that the resurgence in private equity activity will obviate the need for small cap IPOs altogether, it certainly seems set to continue to dampen IPO activity over the short term. Of course the counter argument to this is that excess capital in the private equity sector will lead to a bubble in valuations which will inevitably lead to a crash which will, in turn, prompt a return in the equilibrium between stock market and private equity asset classes. Only time will tell.

Driving Growth - Whatever the Challenges

Jeremy Duggan, VP & GM EMEA of BMC gives insight into how determination and execution methodology engenders limitless potential

Jeremy Duggan has enjoyed an impressive career within the technology sector – progressing from Sales and Sales leadership roles into General Management at the relatively young age of 29. Now, he is VP and GM EMEA of $2.1billion revenue company BMC, responsible for delivering a third of global revenues. Jeremy draws on this experience to share his views below:

Key factors for strong sales leadership

I think one of the most important things from a sales leadership perspective is always to simplify what's effectively a complex process - simplicity is inherently scalable. With sales leadership there needs to be a great sales execution methodology so that people understand how to build pipeline, how to effectively position the company message, address customers, engender product confidence and ensure customer satisfaction alongside value realisation.

Secondly, have the skill to be able to implement that sales execution model. This boils down to recruiting the right people, with the right level of intelligence and character that they can take on board the sales model, and then construct a very structured and disciplined development plan for those people which should be continuous throughout their career.

Thirdly, have the attitude, determination and desire to effect the cultural impact required by a great execution plan where your skilled people are continually developing. Ensuring that the environment you create is positive, is motivational and is inspiring people, so that they can achieve what they want to achieve and then aspire for more.

Jeremy Duggan
VP & GM EMEA of BMC

Moving from sales leadership to general management

Within an American based organisation such as BMC, the number one priority always is to make sure you deliver the required revenue and profit. However as a General Manager rather than a Sales Leader you begin to understand that it's critical to galvanise everybody in the functional roles - whether it be Legal or HR or recruiting or pre-sales or post sales – to ensure they all play an integral part in driving revenue.

Our customers now regard the presentation of a solid business case as an essential element of the sales process – they must see evidence of a strong return on investment, and then value realisation once the acquisition has been made. If you commit a £2million return on investment to a CFO, deploy the software and then walk away, it is very unlikely that the £2million will be realised. Instead you need to build a professional services organisation where customers believe you have the capability to deliver on your commitments. As a General Manager you require the HR team to be recruiting a different type of person for you to help deliver that strategy. My ultimate management goal is to keep revenue growth progressing, which will be achieved by hiring great people, then making them even better.

Start-up Challenges

In my mind you need three things to make a great company, whether it is established or a start-up, an IT company, a supermarket or a bank:

Marketplace – there needs to be a requirement for what you're delivering

Product – needs to be competitive in your marketplace, you need a compelling story in order to sell

Talent – the people must be

> “The best are forever hitting walls of their own expectation and knowledge, then powering through”

committed to the company’s objectives and to excellence.

However, in a start-up environment such as we had at BladeLogic you do encounter a different set of challenges from those seen within an established organisation. For example, the main sales challenge is that nobody’s really aware of your technology. The trade-off is that it’s cutting edge, as genuine technology differentiators are the only way a small company can compete; but you have to communicate that, because people’s mindset is towards what they know, not what’s new. This communication is restricted by having fewer resources, no marketing budget and no brand awareness; therefore the focus is to get your message as broad and as wide and with as much clarity as you can in the quickest possible time because in a fast growth company you’re genuinely trying to double the business every single year whatever the economy, otherwise it loses interest from the investor community.

Personal philosophy

I believe that if you are ever going to do something great it will not be easy, otherwise everybody would be doing it. The best are forever hitting walls of their own expectation and knowledge, then powering through, ultimately due to determination. A lot of people stop at the wall and say “It’s not for me, it’s too hard”, but when you reach that point you are actually closer than you can ever believe to besting everything that has gone before.

From my perspective I always have a goal of striving to be excellent and thinking about what else I could do. I always say to my people that in the 1960s there was no colour TV, no internet, terrible cars and NASA put a man on the moon. It was an astounding thought in that time and so I always think “Well if they put a man on the moon in the 1960s then we can grow our business faster than our competition and the market in these difficult economic times.” It’s just a question of understanding what you would have to do differently to get there.

Talent - nature and nurture

There are many people in sales that are naturally very talented – I call them artists, as they instinctively do those small things that differentiate the very best from good. However, in most companies artists only make up the minority of the sales team. Therefore it makes sense to build a programme that identifies the specific things that consistently successful people consistently do, and then build an execution model based on the results. This gives everybody a chance to be successful - whatever level they are currently operating at, this will elevate their performance. This also applies to artists, as it allows the translation of instinctive actions into conscious acts, which can then be honed for better results.

However, it is a fundamental part of recruiting that you can’t give people character; you can coach skill sets and knowledge, but not DNA. Therefore people working in a sales environment must already have a very strong will to win, a desire to be successful, tempered by honour and integrity in trying to achieve that goal. People like this tend to be very coachable, because they want to learn more, they know that if you want to be the very best you have to consistently be improving.

Jeremy Duggan

Jeremy joined BMC in 2008 as Managing Director and VP Northern Europe becoming VP & GM EMEA in early 2010. He joined BMC through its acquisition of data centre automation software company BladeLogic in 2008 where he was VP Northern Europe. Jeremy was previously with data integration solutions company Ascential Software, acting as Northern European Business Director when the company went through its acquisition by IBM. Prior to this he held sales leadership roles at EMC. In 2000 Jeremy was the youngest Country Manager for Software Solutions company Parametric Technology responsible for a $50m sales quota. He started his career within Saatchi & Saatchi’s graduate scheme.

BMC

Recognised as the leader in Business Service Management, BMC offers a comprehensive approach and unified platform that helps IT organizations cut cost, reduce risk and drive business profit. For the four fiscal quarters ended March 31, 2011, BMC revenue was approximately $2.1 billion.

Search Insight

Steve Morrison, a founding Partner at Gillamor Stephens shares our global vision and provides an update on Executive Search in today's market

As we reach the half way point of 2011, I am pleased to report that the demand for executive search services continues to grow quarter on quarter from the 2008 low. Gillamor Stephens serves a range of clients across the Technology, Online and Cleantech sectors, from Venture Capital/Private Equity backed businesses, to PLCs and the European subsidiaries of the American corporations - there is currently a good level of hiring activity right across this spectrum.

"The hiring company and recruiter need to be on their "A" game to get the best people and it isn't all about the remuneration package"

Executive Search - Venture Capital

Whilst new investments remain relatively sparse, there has been a definite increase in the demand for proven CEOs to provide the leadership needed to progress companies from project based businesses with some IPR, to true product based commercial entities. Interestingly, we are seeing a rising interest in both expats and foreign nationals to come to Europe for the "right opportunity". Also, NEDs and NECs with relevant technology sector knowledge, a rolodex of contacts and a track record of fund raising are much in demand.

Executive Search - Private Equity

We have noted a requirement, often investor led, to strengthen the executive team around the CEO. This includes companies hiring a COO to improve margins and ensure better links between product development, delivery and support or an experienced commercial CFO to play a lead role as the businesses (and investors) focus on implementing an exit strategy. As ever, the Sales Directors who can get the best out of sales teams, implement a structured and replicable sales process, and deliver significant double digit revenue growth are in demand!

Executive Search - Public company

We are increasingly working with a number of UK listed businesses and while it is difficult to identify particular hiring trends in this area, in recent months we have been active hiring Chairman and CFO roles at PLC board level, as well as services and sales leaders. The latter two roles are also where we see requirements from the European arms of the American corporations.

Candidate caution and the end game

Over the last couple of years, no doubt as a result of the economic climate, candidates are increasingly cautious about their careers, resulting in them conducting significant due diligence prior to committing to a career move. Current employers are fighting hard to keep key executives with counter-offers becoming increasingly prevalent. The hiring company and recruiter need to be on their "A" game to get the best people and it isn't all about the remuneration package - emotional "buy-in" from prospective hires around the vision, strategy, company ambition, team and role is vital.

Global vision

Creating the number one global technology search partnership was the shared vision of Gillamor Stephens and four other highly successful, regional search firms across North America and Asia Pacific. Access Search Partners is the result; we have integrated our teams, best practice and databases to create a global executive search firm with the principles, high touch approach and quality of a boutique. Our core objective is to change the search industry and deliver value to customers by offering a no compromise alternative to the big 5 firms, on a global scale.

Our partner companies: Polachi on the East Coast of the US; Schweichler Price Mullarkey & Barry on the West Coast; Stonewood Group in Canada, and Braithwaite Steiner Pretty in Asia, are all long established, high profile Technology Search firms. Locally, we all continue under our known brands, globally, we are Access Search Partners, bringing a common set of values, track record and commitment to quality. We have created a combined footprint that covers the world's major business centres and gives our clients access to the best talent globally.