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# Global Ambitions:

After an exciting decade of growth with Orion Systems, Ian McCrae reflects on entrepreneurship and the lessons learned

An interview by Marie Wilson

formation Systems



**UIABR:** You seemed to be surprised that we wanted to interview you; why is that?

**McCrae:** I guess I don't feel all that special or successful. What is success? I think the goalposts just keep moving. We have objectives as a company, but as soon as we achieve them we realize our potential to achieve more; if your turnover is \$1M, you want \$2M, if you achieve two, you want five, then ten, then 50 then 100. You're always measuring yourself against the industry, against your competitors, against your potential. If you're never satisfied, then you don't think you've achieved anything special, even though you've come a long way and you might appear to be doing well.

**UIABR:** So are you and Orion where you planned to be?

**McCrae:** For example, Sony's first product was an electric rice cooker, which was a complete failure. However the company learnt from this and many other mistakes and gradually became the company that we know today. Similarly when Orion was just starting out we did all kinds of weird and wonderful things. Orion developed the baggage sorting and routing software for the Melbourne and Auckland airports, and other specialized products as well, but about seven years ago we realized that we were really good at developing specialized software for healthcare systems, and so this is where we've focused all of our effort and energy.

**UIABR:** So did Orion start life with a clear vision or plan?

**McCrae:** The answer is actually no. However today we abso-

lutely have a strong vision and plan for the future and this has come about from the things we have learnt over the last ten years.

During the life of Orion there has never been a miraculous breakthrough. Instead there has been a long steady progression. Something which Jim Collins (the author of "Good to Great") refers to as the "Flywheel Effect". So really Orion is an example of the flywheel theory in action - we are very focused on what business we are in and we just gain momentum with every additional thing that we put in place. You add things incrementally and slowly you gain momentum. Wins come very slowly at first but become increasingly frequent and you end up getting carried along on all the little things that have built up, your technological capability, your experience, your relationships, your brand. I think we can feel that build up of momentum now, with several years of compound annual growth over 40%.

**UIABR:** The idea of the flywheel seems to suggest a lot of time building up that momentum. Is that always the case?

**McCrae:** Personally, I don't think there are overnight successes. If you look at the NZ technology award winners and the companies that are now seen as fast growth, high technology businesses, they usually have ten years of hard slog getting it right with their products, their systems and their people, before they make the transition to tackling big international markets. It appears that neither early stage venture capital or anything else can really speed up this evolutionary process.

**UIABR:** Forty percent annual growth rate, year on year, can put a lot of stress on planning and managing your business. Do you have any insights in to how this works?

**McCrae:** Mature companies have very detailed plans. This helps them to communicate to thousands of people inside and outside their organizations. It's different for new, small, fleet-footed companies where you need direction set but there's a much greater chance of change, maybe just a little bit to the left or right, but enough of a change that it's hard to put details around everything, and probably a waste of time anyway. You're constantly learning, self-correcting...you proceed with the best information that you have and you're aware that you need to keep your eyes and ears open and be ready to modify, adapt and learn as you go.

You don't have the time or money for perfect research, so success is more a matter of being able to see the pattern when there are only a few pieces of the puzzle, and then be prepared to change if additional pieces come to light and the picture is a bit different than you thought originally. You're already headed in about the right direction while the person who waits for all the puzzle pieces will never be in the game.

**UIABR:** Have there been any times when things didn't go as planned or you had unexpected setbacks or challenges?

**McCrae:** I guess our toughest time was the first year in North America. There was a huge gap between our expectation and our experience in setting up in the US. It is very expensive to set up overseas; we had venture capital assistance from Zeus, an affiliate of Emerald Capital to help us across that gap, but it still took a lot more time and money than we thought it would.

### Company profile

Orion Systems International has featured as the winner of more than twenty international and NZ technology and business awards. The company has been profiled as an exemplar in the IT industry in a case study written by the ICEHOUSE business accelerator, with support from New Zealand Trade and Enterprise. Orion is a member of the Health IT cluster in Auckland, with overseas offices in the United States, Canada, United Kingdom, and Australia.

The company builds software that integrates information systems and improves clinical workflow for the healthcare sector. Orion's clinical information solutions help hospitals and other healthcare organisations proactively manage and coordinate patient care across the community. Orion's integration and messaging products streamline the exchange of healthcare data and are used by customers such as health insurers, health departments, public health laboratories and health data networks in 20 countries.

Orion contributes to healthcare technology projects across the globe for clients including Johns Hopkins Hospital in Baltimore; Abbott Laboratories; the US Centers for Disease Control and Prevention; New York State Department of Health; Capital Health in Edmonton, Canada; New South Wales Health, and the New Zealand Ministry of Health.

I think Excel has a lot to answer for (*laughs*) because the spreadsheets for our expansion sure looked a lot better than the results we got. Crunching the numbers just isn't a substitute for experience and unfortunately this experience is extraordinarily scarce in NZ. Even overseas experts struggle to understand how a NZ-domiciled company might achieve global success. The answer often put forward is to relocate to the USA. While this option may work, many of us really like living in NZ and so we are committed to make the "from NZ" idea work.

Anyhow, our initial foray into the USA was probably an example where we had too few of the jigsaw pieces in place to come up with the right answers first off. It took probably 12 months to come up with a clear picture of what we need to do.

**UABR:** Is being New Zealand-based a problem for the growth of Orion?

**McCrae:** People keeping focusing on our smallness and the isolation as negatives, but they have to be turned into positives if you are going to succeed. There are advantages, because we have to collaborate and our smallness means that we can access key players in our local industries that are inaccessible in larger marketplaces. We have had fantastic collaboration both within the industry and with the health boards and ministries. New Zealand is one of the two top countries in the world for GPs capturing medical information; all other countries lag far behind. NZ can lead the world in some areas – like healthcare information – and when it does, we gain in

terms of export dollars, and because we are able to use a local product we also aren't sending money overseas for products, and we get improved quality of healthcare as well. It's a virtuous circle, the more we spend on R&D the more competitive we become. NZ's general reputation in the world as clean and green is consistent with health and healthcare products. I think it works for us, not against us.

**UABR:** Your software bills itself as ready to use "out-of-the-box" solutions. Was that in response to New Zealand being seen as far away and unable to support complex installations?

**McCrae:** Not really, our marketing approach is closer to Apple computers, who differentiate themselves through innovation, elegance and ease of use – that's what Orion would like to be in the health IT space. We hit on the 'out-of-the-box' simplicity of our products as a marketing strategy in the established market. Our competitors offered some very good products with more comprehensive features than we had, but they were very complex to implement. Clients were willing to accept fewer features for ease of installation. Of course it cuts our costs substantially if the system is easy to install and service, so we designed it to target that opportunity and that was very successful. Now, of course, we have all the comprehensive features as well, and we are still 'out-of-the-box' easy.

**UABR:** So what prepared you for this dynamic role?

**McCrae:** Probably 15 years of having absolutely *no* career plan and doing lots of different unrelated things. Prior to starting a serious business with three partners at the age of 33

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I had spent six years at university learning a lot of really interesting stuff (plus having a pretty good social life early on) intermingled with an assortment of jobs. I did two years of an Engineering degree and then decided that I really should take a year off and do an OE before I flunked out. I came back pretty motivated and finished my BE, worked a year at the DSIR as a scientist modelling human teeth and then went on to do a Masters in Engineering Science with Ian Collins at The University of Auckland, modelling ice shelves in Antarctica. I then went forestry contracting with some mates before deciding one bleak winter's day that perhaps an indoors job might not be so bad after all. So I landed a job with the Auckland Regional Authority as the "Works Computer Advisory Officer" which I thought was a jolly good title. I left this job to get married to Rosemary, my wife, in the Highlands of Scotland where her family lives and we ended up in London completely broke.

I somehow managed to get a job at the London Stock Exchange as a Senior Business Analyst, although I knew absolutely nothing when I arrived, and I had such a steep learning curve!

I think it really helps that I have had so many challenges of being thrown in at the deep end. In these situations you learn how to learn, and you learn that you can excel if you apply yourself. I think it helps to understand failure as well.

## "Orion would like to become to health IT and New Zealand, what Nokia is to mobile phones and Finland"

I worked at the Exchange through the crash of 1987; that was an education. Then I returned to New Zealand to work in the IT industry. In my first sales job, I was initially not very good, but if you are going to survive and succeed, you need to learn fast. Then 12 years ago, I was one of the founding partners of Clearfield Consulting and I bought out the software side of the business which became Orion.

**UABR:** How have those early experiences shaped the way you manage Orion?

**McCrae:** You can't afford to not make decisions because of a fear of failure. That doesn't mean decision making should be cavalier. Instead there should be considered decision making, sometimes by individuals and other times by the entire executive team or the board. Over time we have found that our senior staff have come to think along the same or similar lines. All these things working together build a shared understanding. Not that you want them to all be the same or agree all the time, you need enough difference to keep you sharp and learning, but not so much that you argue all the time.

Knowing the boundaries for decision-making means that delegating is easier, too. I have just as many stuff-ups as any other manager, and if I make them, I have to fix them. But if they make them, then they have to fix them...so why not let them make them in the first place? My one natural talent is that I am 'ambitiously lazy'. So I am very happy for others to have the responsibility.

**UABR:** Most founders struggle to let go and to develop from an entrepreneur into a manager. How has your role changed as Orion has grown?

**McCrae:** Leadership changes over time – initially Orion was just four people and you do everything. Up to about twelve people, I think one person can hold everything in their head, but then you hit your first key hurdle at about 15-20 people, where you really need to start delegating and begin creating a management structure.

Orion stalled at this point as we were probably a little slow to realise the need to reorganise. When you've done that, though, then you can grow quite a bit more until you get up to around seventy staff. Then you really need to get a proper senior management team in place—outside board members—and add that additional management capability. We've just finished getting a solid management team in place in the last 18 months.

Then there are always the challenges of bringing new people in from the outside when you're growing. A lot of things pretty much take care of themselves if you find the right people for the right jobs, and growth becomes much easier.

**UABR:** What key challenges are you facing?

**McCrae:** At this stage we are constantly trying to improve our level of performance across the company. We focus on areas of inefficiency or problems. We see what area is letting us down

and we put a solution in place, and then move on to the next thing. There's always another area where you can improve things, and you'll eventually work your way back around to the beginning again because the solutions previously implemented become outgrown.

Of course, our performance is all connected, as well. As you get bigger, one of the key challenges is communication. It used to be you'd all gather over a cup of coffee and everyone knew everyone. As you grow, there comes a time when new people join and you don't even know them, or their name, for weeks or maybe months. You have to stay fleet-footed and communicate to all, especially newcomers and more junior staff so that everyone continues to work together toward the same vision. We're bigger now, so rather than a meeting over coffee, we've started using newsletters and presentations. It seems there's never enough communication, you can always do more, because there's always someone who might need a better understanding of things so that they can do their job that much better.

Of course, that's even more difficult when you are also communicating around the globe with staff and customers. To coordinate our operations in London, Los Angeles and New Zealand, we use weekly teleconferences to keep in touch. That means that someone is always at the end of a long day while the other person is just waking up, so you have to be prepared for at least one person being a bit grumpy – and make allowances for that (*laughs*).

**UABR:** People, planning, communication – what comes first?

**McCrae:** For me, always the *people!* With great talent comes good processes and excellent strategic thinking. Also it should be noted that the hi-tech sectors are no different than any other business sector. It is very easy to get carried away by the glamour of the technology but at the end of the day it's just like any other business. Making 'fantastically elegant' software isn't that different than making 'fantastically elegant' furniture; you are both trying to add value with ideas and labour to meet customer requirements.

We have built something pretty special within Orion: a great group of people, a brand that is known and recognized around the world, and leading edge technology. Internally we are a proud bunch. Orion would like to become to health IT and New Zealand, what Nokia is to mobile phones and Finland.

**UABR:** I counted over twenty awards on your web-site. Are there any that stand out in terms of achievement?

**McCrae:** I guess the award that means the most is the HiTech award – its the supreme award in our industry in NZ. Look at the recent award winners - Navman and Pulsedata and all the others - these are really great companies that we are happy to be alongside. More importantly, it is the one award that really recognises our staff. It takes long hours and tough work to make products that stand out technologically and it

is a great source of recognition and motivation for staff, who can see their work valued by our peers. I think it makes it all worthwhile for everyone in the company to be singled out at that level.

**UABR:** With the benefit of hindsight, is there anything you'd do differently?


**McCrae:** I'd worry far less about technical innovation and much more about branding and marketing – because at the end of the day – success is *selling* a product. To be honest, it's probably taken us ten years to get a handle on that, and its held us back. So, if I had it to do over, I'd still worry just as much, but more about commercialisation, and less about innovation.

**UABR:** And what does the future hold?

**McCrae:** Last year we were number 98 in the Top 100 health-care technology firms in the United States. That's heaps better than being number 101 and left off the list! (*laughs*) We are growing at the third highest rate in that industry; and this year we'll be somewhere in the top 70 to 80 firms in that market. By 2006, we are shooting for the middle of the pack. We want to be in the top 20, although that will take a little longer. That's what I think the future holds, and we are all focused on getting there!

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