



McLean Fearnett Jackson

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### Too Few Seats At New Fujitsu Table

Some top jobs will have to go when Fujitsu and DMR become one entity next month, writes David Crowe.

Executives at computer giant Fujitsu and services outfit DMR Group are understandably nervous as the two companies throw themselves into a merger to be consummated on April 1. Not only are the executives being asked to apply for their own jobs but they also know there will not be enough places on the merged company's leadership team for all of them.

The departure of Fujitsu Australia chairman Neville Roach after 24 years at the company deepens the feeling that the merger marks the end of an era. The introduction of a new chairman, DMR executive Alan Baxter, may make some DMR consultants feel more at home in the new company but is being greeted warily by Fujitsu executives. Fujitsu chief executive Rod Vawdrey, though, plays down concerns for the company he will lead after the merger is complete. "It looks like we'll be about \$600 million in sales for the combined organisation as we begin the new year," he says. Vawdrey is aiming to surpass the growth rate of 2.75 per cent that researchers are estimating for the market as a whole. Even so, that will regain only some of the ground lost in recent years.

Fujitsu's local revenue slipped to \$464.6 million in the year to March 2003 from \$557 million in 2002 and \$779.9 million in 2001. The company posted a \$680,000 net loss last year, a big improvement on the \$26.5 million it lost the year before. Vawdrey's success depends on his ability to merge the distinct cultures of the two companies and make the DMR consultants feel at home. The size of that challenge is apparent in the troubles at IBM, which is still digesting the consulting business it bought from PricewaterhouseCoopers in 2002. "One of the key decisions for having Alan Baxter on the board as chairman is to help with that cultural integration," Vawdrey says. "Alan has a clear stated position that he is retiring as an executive.

The two areas where he'll play an active role are in the cultural integration and in representing the combined organisation in industry activities. I think he'll be very happy to take that role and leave the operational side to myself." Roach says the merger ends some of the uncertainty in the market about the two companies, which for many years have been owned, but kept separate, by Japanese giant Fujitsu. "There is relatively little competition [between DMR and Fujitsu] but what does happen is that there is an element of confusion in the marketplace and that's unproductive," he says. "Also, there could be overlapping prospecting which could cause confusion to prospects. But there hasn't been any significant clash in the marketplace." Roach says he is leaving for his own reasons, not simply to smooth the DMR merger. As the chairman of research group National ICT Australia and a cluster of other organisations including the Smart Internet Co-operative Research Centre, the advisory board of the Quantum Computing Centre at the University of NSW, the Intelligent Island board in Tasmania, and the India Australia Business Council Roach has plenty of other claims on his time. He is also a director of listed industrial company OneSteel. Roach arrived in Australia in 1961 on assignment with an Indian insurance company, not expecting to migrate because of the White Australia policy. He joined IBM, though, in 1965 as a trainee systems analyst in Adelaide.



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In 1980, he left IBM for Fujitsu and has been there ever since, rising to chief executive in the early 1990s and becoming a prominent industry executive as chairman of the Australian Information Industry Association. He expects to spend more time on issues like confronting the opportunities for technology trade with Asia in general and India in particular. "I'm going to continue to be involved in both because I really feel that Australia needs to refocus on Asia something that's been somewhat watered down in the past few years," Roach says.