



## Thomas Honoré

CEO, Columbus

**Editor's Note:** *Thomas Honoré is Chief Executive Officer and President of Columbus, an international services and solution provider headquartered in Denmark. Founded in 1989, Columbus is listed on the Copenhagen Stock Exchange and has over 1,200 employees worldwide. Thomas, appointed in 2011, brings more than 15 years of experience from the technology industry—including Oracle and IBM, where he has held Vice President and Director positions, respectively. He holds a Master of Science (Cand. Merc.) from Copenhagen Business School with additional executive education from London Business School and INSEAD.*

### **How has your professional experience influenced your management style at Columbus?**

I started my career as a management consultant at a Nordic system integrator. From there, I moved to IBM and led their software business. I had three years in Paris at the European headquarters working on global projects, which was primarily in marketing, and somewhat product development. Then, I came to Oracle and was heading up the Oracle software in Denmark as Managing Director. Then, I had a European role as Vice President of the middle-ware business in Oracle.

So, my background is really a combination of services and software and business application software. I think that both my days as a management consultant and days in American companies have taught me about leading change and driving change. Both IBM and Oracle are really strong players, always understanding what is going on and moving their business to those areas. They're very visionary businesses. But what I think I learned the most about them is how they play and how they execute. This is what I brought into Columbus' planning part of the business—plan what you want you do, then execute. So, the organizational execution model of those businesses is definitely what I brought to Columbus.

*“We focus on three industries: food, retail, and manufacturing.”*

***Tell us about how Columbus achieved its transformation from being an IT re-seller to becoming a leading consulting and solution provider.***

When I joined, we did a pretty thorough investigation of what our customers were seeking. They said they were looking for business partners that understood their business and technology at the same time. Then we asked them what they thought about Columbus, and they considered us to be an IT re-seller at the time. To be honest, we were very dependent on reselling third-party software, and we didn't really excel in running a services business.

So, we wanted to change that perspective of the business, offering more industry knowledge and more knowledge about processes in a given industry. That's why we focused on three industries: food, retail, and manufacturing—even discrete manufacturing. That's all providing deep industry insight, with the combination of understanding business applications and key processes in relation to those industries—and adding up a much deeper focus on our own software. We had about 10% of our business as our own software. That is really a differentiation to us because we bring industry solutions to the market and it was what our customers wanted. That was really the transformation: de-focusing on re-selling third-party software and focusing on industry knowledge, industry IP and industry processes.

***How is that transformation going on today? When do you decide your mission is accomplished?***

I don't think we will ever be finished with that mission because our customers will move on. Five or six years ago, we focused a lot on business applications. Now what they are looking for is a partner in digital transformation. So customers are asking, “Columbus, it's great that you can implement business applications, but how do you really take us through the digital transformation in order to be relevant for our customers?” And that's a different set of competencies and procedures that we have to understand how to bring our customers through. I think it's a never-ending story and the one that is stuck in that investment will be irrelevant for customers.

*“It’s easier for us to leverage and increase the shared wallet at the customer side.”*

***Columbus has a tight vertical focus. How has that helped you differentiate yourself from your peers and competitors?***

We are in food, retail and manufacturing—that's a global focus area. About 80% of our business is in those three verticals. We invest all our product development, marketing, and training into those verticals. The reason is that that is the real competitive advantage that we have. Let's say, if we go and compete with a SAP player or another Microsoft player, that's a platform and we aren't really competitive unless we bring something special to the table. What we bring to the table is deep industry knowledge, industry processes, and industry-specific software solutions. It's really embedded in our strategy.

***How did you choose those verticals?***

They were actually the predominant industries that we had at the time. The choice was really to leave out a lot of the other things we did and focus on these industries. So, it was not so much a selection process; it was more a de-selection process.

***As an insider, what is your opinion on Microsoft's direction today, given its pivot toward solutions and the full stack instead of discrete products? What opportunities does this present for Columbus?***

It is true that Microsoft is our biggest third-party software vendor. We of course monitor very closely not only what Microsoft does, but also what the other players do. I think the move that Microsoft did recently with bringing the Dynamics platform closer to the Office platform—and also offering a lot more capabilities to customers in the same brand (having ERP, CRM, and field service, business intelligence, all of the solutions)—in one way, adds a lot of pressure on our organization. The things we need to know from a technology perspective are much more advanced. It's not good enough just to be an ERP specialist or a CRM specialist. You need to be able to cover much more of the technology stack.

On the other hand, it brings a lot of opportunities to us. The fact is that we are talking with customers about business analytics,

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CX and all of those things. I think Microsoft is doing a lot of great things in bringing more integrated solutions to the market in this respect. It's easier for us to leverage and increase the shared wallet at the customer side. So we see it as a positive move.

***Would you say Microsoft is getting it right more often, given its new cloud focus under Satya Nadella's leadership?***

I think they are totally right on the overall path, yet I think they are seeing a challenge that their head is moving faster than their legs can accommodate right now. The top of the organization is moving fast—they're chasing everything. When you see everything that is happening on the ground in the country, it's really difficult for them to live up to the speed of the transformation that Satya Nadella is setting. I'm not saying it's wrong, I'm saying it must be a big challenge for them to make the legs move as fast as the head. It's a big organization and a big change.

***Speaking of big organizations, how would you rank the major cloud vendors in terms of both overall strategy and capability?***

I think it's a fight of ecosystems that we are seeing. There will be an ecosystem around Microsoft and their Azure platform, also an ecosystem around Amazon, Oracle, SAP, IBM, Google and maybe some other players. I think if you are a player like us, you have to choose which of these ecosystems you can be part of. Probably you cannot be part of more than one or two—or three maybe—because it is difficult from a skills and competence perspective. The way I see it, Amazon is a clear leader and they are ahead of everybody else. Microsoft is catching up very fast and they have a strong portfolio; what they're doing with the Office and Dynamics platforms—and all the other platforms, which is driving traffic on Azure—is strong. Oracle, with the acquisition of NetSuite and all the other acquisitions, are, and in many years will be, an enterprise player. And they will build their value proposition to large corporations, and so will IBM. Where we have Google in this is unclear to me.

*“You don’t really understand the cultural fit before you acquire businesses.”*

***You’ve made a number of strategic, transformative acquisitions—particularly cross-border acquisitions. How do you identify the right targets, both from a capability and a cultural perspective?***

Our strategy is that we look at companies that are in the market we are in and that serve the same industries we do. A sweet-spot acquisition for us is, let's say, an American company on the same technology platform as us, serving the same industries—for instance, manufacturing or food. That would be a sweet spot for us. The way we find these is, we have a pretty good network and every one of the countries we operate in. We also have a head of M&A who is running the process, keeping the pipeline alive, and working with key influencers in each of the geographies, like yourself, to find the right candidates. Then we go in.

Normally we know these players maybe a year or two years ahead of engaging in a process. And that's where we get to learn the targets and the people there. Very often it's about management—the people, cultural fit. But to be honest, you don't really understand the cultural fit before you acquire businesses. You think you understand it, but you only understand a culture in an organization when you work with them for three to six months. Then you begin to understand what the underlying culture is in an organization. It's one of the key risks: that we have misunderstood the culture or that the culture is not as the owner explained.

***How important are your services capabilities to your business model?***

Services is our biggest revenue category. Here we talk about people services and package services. We see a big growth in package services, also in connection with cloud programs. Most of the projects we are running are cloud programs, and here, customers are expecting package services. So, services is absolutely crucial for us. That's the biggest revenue category, and if we don't grow in that area, we won't be able to grow at all.

*“We were born as an international company and have been driven as an international company.”*

***How do you decide which capabilities to focus on?***

We call one of the key processes in our businesses "from idea to offering." We go through, on a global level, which offerings we have to develop, which software we have to develop, and how we bring it to market. That's a process that we've gone through every year—and defining the offering and the go-to market, and the delivery for those services. It's very much based on customer demands. We are in there with their business applications, ERP, and what other kind of services they could require from us. We have a shared wallet approach to services development.

***You're headquartered in Denmark. How has this shaped the international expansion of Columbus?***

We were founded in 1989 in a small city in Denmark, and we were listed in 1998. From then on, we have actually been born as an international company. We have had more business outside Denmark than we have had in Denmark for the last 20 years. It is a very international company and we do not really consider ourselves a Danish company, except that we are headquartered here. You can say we were born as an international company and have been driven as an international company.

Yet I think it's important to say that we have a Nordic/Scandinavian business culture. It means that it is a short way from top to bottom and from bottom to top. For instance, I don't have an office and nobody has an office. We have a Scandinavian DNA, which is also a part of how we go to market and how we lead our business, and how much power we delegate to leaders in a specific business. That's important for our growth and our success.

***How important is the US market to your growth strategy?***

The US market is our biggest market; it's 35% of our business, and is by far the market where we have the biggest growth opportunity. We have more than 300 people in the US now. Of course, that's a relatively big player, but also, if you look at the relative size of the market, we are still a small player and we

*“You learn most from your mistakes, so be open about it.”*

have so much to do in the US. We don't have market constraints—we could grow to 3,000-5,000 employees in the US. And there are not of a lot of places where we have that (maybe the UK—but for instance, in Denmark, Norway or Russia, we are constrained by the size of the market). That's not the case in the US. Here we are constrained by our own ability to execute. Therefore, the US is a very important market for us, and where we see the biggest growth opportunity.

***What are the advantages of being a public company?***

Most people will say there are more disadvantages because we have to be very transparent and open, to both our competitors and everybody else. There is the initial idea of raising capital, but it has been some years since we've raised capital. Of course we can do it, and it's a key advantage.

But I think from a day-to-day perspective, the advantage of being a listed company is that we have to stay sharp. I know I'm standing in front of 6,500 shareholders every three months to present results and to forecast expectations. Always keeping sharp, always being to the point, and also knowing where your businesses is heading is probably the biggest advantage.

I'm not saying that businesses that are not listed are not sharp in this. However, I think the fact that we are listed demands that we are sharp in external and internal communication.

***To close, what's a piece of advice that you'd like to pass along to our readers?***

You learn most from your mistakes and the errors you make in your career, so it's important to be open about them and share them. Don't be ashamed about them because everybody has them. It's not until you share them and you are not ashamed of them that you can actually learn from it. You learn most from your mistakes, so be open about it. That is a strength.