

Amicus – a maturing business

Highlights

- A teenager with extraordinary technical ability and business instincts has created an international business.
- From a gifted amateur, he has rapidly moved to a systematic approach to all aspects of business.
- This has included a personal willingness to ‘let go’ as the business has grown, by delegating authority to employees, rather than attempting to maintain personal control over all aspects of the business.
- Continual innovation is part of the business culture, and this begins with the recruiting policies of the business.

Few people can be better qualified to talk on successful innovation than Alex Hartman.

He had his first innovation on sale in Australian stores at the age of 14. It was a simple-to-use Internet starter kit that beat US giant Netscape into the market by more than six months.

He followed that with a string of IT products that had him managing a trans-Pacific business by the age of 19. That business has research and marketing teams in Australia and the US.

His company, Amicus Software, now has licensed its latest Internet program, InfiNet, to Telstra in Australia and is in discussion with other telecommunication giants overseas.

It is also developing products to allow current media companies to maintain their commercial position as information suppliers in the face of the proliferation of information sources available through the web.

Such programs put Alex Hartman at the heart of the global communications revolution. At such a young age, he is a player alongside some of Australia's and the world's biggest business names.

To have achieved all that while still a teenager is a tribute to the power of innovation when backed by a capacity to see a good idea through.

Background

Alex Hartman thinks it was some time before his 13th birthday that he got his introduction to the commercial world. He was browsing in a computer store when he overheard another customer seeking assistance from a salesperson. When the saleswoman couldn't provide an answer, Alex politely proffered his advice.

It transpired that the salesperson was the store owner. Impressed by Hartman's technical knowledge and communication skills, she invited him to help in the store after school. Before long the 13 year-old schoolboy was the store's leading salesperson.

A year later, in 1994, the Internet was emerging as a potential mass-market medium and Hartman realised that increasing numbers of customer queries related to difficulties with it. He concluded that there was a market for a simpler, easier to use, Internet starter kit.

Within months he and a group of friends had developed a starter kit with a graphical interface that became a hot seller. At 14, he already had his first commercial product.

About six months later, however, Netscape launched in the US, using a similar, but superior approach and backed by greater marketing.

Hartman thus learned quickly that in fast-developing fields like IT, innovation needs to be constant. He immediately launched into designing two further systems which were technically superior in many ways to their US rivals.

As the popularity of the Internet grew, Hartman realised that there was a serious gap in the technology: while every successive Internet application made it easier for consumers, less attention was being paid to improving the commercial value of the system to service providers and the communications carriers.

His answer was InfiNet, a system to package on-line communications in a way which allows the service provider or telecommunications company to include a visible, branded service for itself. As well as providing constant 'branding' for the provider, InfiNet can collect market information about customers' interests, purchasing habits and requirements. This creates potential returns through segmentation marketing. It also provides the potential to significantly expand e-commerce by making them a simple point-and-click operations.

Not only has the product been taken up by Australia's leading telecommunications carrier, Telstra, (under the name LaunchPad), but it is being examined by other international telecommunications companies.

This sort of leading edge technology has attracted the attention of major investors. For example, interests associated with the Lowy family have taken a strong position in Amicus, strengthening in turn the company's financial resources. It has also brought the financial and commercial experience of David Lowy to the chairmanship of the company.

Amicus is on a substantial growth curve. From a staff of five at the beginning of 1999 it grew to 42 by November that year: 27 of them in Australia, where the bulk of research is conducted, and 15 elsewhere in the world, including the US where it maintains a sales office.

The potential of Amicus does not rest on InfiNet alone. Hartman and his research team have also been exploring the role of current media companies in a world where they face increasing competition from a plethora of other web-based news and information providers.

His emerging technologies in this field – technologies which allow news organisations to capitalise on their core skills and assets – are attracting interest from major media players. This area too has considerable potential.

Lessons of this success

Hartman appears to combine in one individual a number of the core abilities usually required of a successful innovation team. He has the commercial instincts to recognise emerging market opportunities, the technical knowledge and imagination to create products to meet those needs, and the salesmanship and entrepreneurial drive needed to turn a concept into a business.

Despite this, he still says that one of the best bits of advice he can give to other innovators is to recognise the limitations of your time and talent, and get others on board to fill the roles that you cannot. In his own case he points to sophisticated financial management as an area where he relies on others. “You need to build a team to build an innovative idea into a substantial commercial enterprise,” he says.

The difficulty for many entrepreneurs, he suggests, is that in the initial stages they have no capital and have to do everything themselves. As the business grows, they find it hard to let go and to let others take over some of these functions.

“The temptation is always to hang on too long. You must learn to delegate if the business is to progress to take the next step.”

“I have picked up a certain amount of financial knowledge along the way, but I have had to hand over a lot of those responsibilities to a great chief financial officer and to general managers here and in the US.

Hartman also pays tribute to others in the Australian business scene who have helped him make the leap from innovator to successful entrepreneur.

He cites Telstra which has given him introductions to international telecommunications companies, and Daniel Petre of e-Corp who has also given him valuable guidance.

“Mostly, there was no obvious benefit in it for them commercially. They were just happy to give someone starting a business the benefit of their experience. That has been personally very touching.”

When you suggest that perhaps his early retail experience helped him hone the sales skills that have allowed him to ‘sell’ his vision to others in a way that has won their support, he agrees, but adds that “I’m happy to talk any time about my vision for these technology advances. It is a genuine passion, not just a rehearsed spiel.

“I love selling my vision, but usually after an initial meeting I need to hand over to my business development people. That’s their role.”

Is he naturally innovative or has the innovation been merely a by-product of his technical expertise? Alex Hartman thinks there is an element of the former: “I think I was always a little different in some ways from my peers.

“Until I was 14, I wanted to be a doctor. “Even then I think it was the idea of groundbreaking technology that fascinated me. The potential of technology to make our lives better still fascinates me and perhaps drives me.”

How important is luck in an innovator’s success? Hartman believes that ultimately luck is not – and should not be – a critical factor.

“I believe an individual with innovative capacity creates opportunities and capitalises on them, and considers that there is great danger in considering successful innovation as being a function of chance,” he says.

“It could quite easily be mistakenly observed, for instance, that my company was ‘lucky’ that Telstra approached us. But the process of actually closing the deal with them involved a great deal of work, and it would not be unreasonable to assume the likelihood that given Telstra’s interest, its competitors would also have been interested.

“Nor do I consider it plausible that somebody ‘luckily’ thinks of an idea. It’s a function of how much they know about the marketplace and their ability to analyse and identify the opportunity.”

Can an innovative culture be created?

Hartman believes it can, “but not just by painting the walls bright colors and telling people they don’t need to wear ties.”

“Mind you,” he says, “in our offices the walls are colorful and we don’t wear ties. But that is a reflection of the culture, not the cause of it. The environment is there because it suits the style of the people.”

Hartman believes that the culture of an organisation is dictated by recruiting policies.

“You need to give a lot of thought to the role people will play in the team they are joining. Putting an implementer into a group of highly creative people can end up in frustration for everyone.

“You have to give a lot of thought to the capabilities and aspirations of people before you place them.”

The future

Hartman remains infectiously enthusiastic about the future for the technology areas in which Amicus operates. “At the moment, there are 150 million people connected to the Internet, out of a total world population of six billion. There is still a huge amount of growth yet to be achieved, particularly in areas like e-commerce.

“Our new developments meet the needs of this increasingly interconnected world”