

THE MANAGEMENT PAGE

Denmark's Christian Rovsing

Why a computer company is flying high

BY HILARY BARNES

AMERICAN AIRLINES had never heard of the small Danish company, Christian Rovsing, when Rovsing asked for the tender material for the airline's planned new data communications network. But fortunately for Rovsing, a former Scandinavian Airlines employee was able to tell American Airlines that Rovsing had quite a reputation in Scandinavia.

On the strength of this, Rovsing's sales manager, Axel Hvidtfeldt, was given one hour at American Airline's headquarters in Tulsa, Oklahoma, to persuade the Americans that his company should be allowed to bid.

Hvidtfeldt did more than just convince the Americans. When he arrived back in Copenhagen he also convinced Rovsing's staff that this was a contract which Rovsing was going to win. And when Hvidtfeldt says that a contract can be won, Rovsing knows from experience that it is worth making a major effort, even if some outsiders wouldn't give them a chance in a thousand.

The rest is history. In August American Airlines announced that Rovsing had won the order, almost 20 years to the day that data processing engineer, Christian Rovsing, then 26, started up a one-man consultancy business in Copenhagen after several years working with IBM.

The American Airlines order is the biggest data processing contract yet won by any Danish company. It is worth about Dkr 258m (\$27m) and Rovsing is having to expand its manufacturing facilities at its headquarters in Ballerup, a suburb of Copenhagen, by 7,000 sq metres for this order alone.

The contract is for the first stage of a comprehensive internal and external data communications network for booking, ticketing, freight, passenger and aircraft handling, linked initially to 65,000 terminals in North America and Mexico.

The core of the network system will be about 60 Rovsing CR80 minicomputers, based in

14 cities. The CR80, the latest version of which was introduced in 1981, is able to handle about 30m instructions per second and when several are set up together they can compete for handling capacity with mainframe machines.

But where Rovsing scored against its competitors for the American Airlines contract was its flexibility. "One of the reasons we won the contract was that we were able to meet the airline's special requirements and design the system exactly to its demands, while our competitors wanted to deliver a standard system," says the firm's founder and managing director, Christian Rovsing.

Rovsing started out as a consultancy and software writing business, using rented time on other people's computers. As these service bureaux functions expanded, they provided the money for the establishment and development of a hardware division, including the first of the company's own minicomputers, which were sold to the European Space Agency in 1972 for testing satellite power systems.

Now the electronics division's products include the CR 80 and an administrations systems version, the CR 801, a micro-computer, the CR 8, mini and microcomputer systems, power supplies for computers, and automatic credit card equipment for petrol stations and other applications.

In the 1970s Rovsing began winning a series of important international contracts, among them computers for use in the Nato integrated communications system, a (weapons) fire control computer for the F16 fighter aircraft, check-out and ground control systems for European satellites, the Nato Computer Aided Message Processing System (CAMPS) and an internal data communications network for L. M. Ericsson, the Swedish telecommunications company. The latter contract paved the way for orders for data networks for Air Canada (an order won in 1982) and then American Airlines.

The pace of expansion became so fast at the end of the 1970s that Rovsing's financial structure began to look seriously over-gearred. At the end of 1981 the ratio of equity capital and reserves to total assets was about 10 to one and with sales increasing by 40 to 50 per cent a year (in the five years to the end of 1982, sales increased from Kr 84m to Kr 414m), the company's earnings could not keep up with its investment requirements.

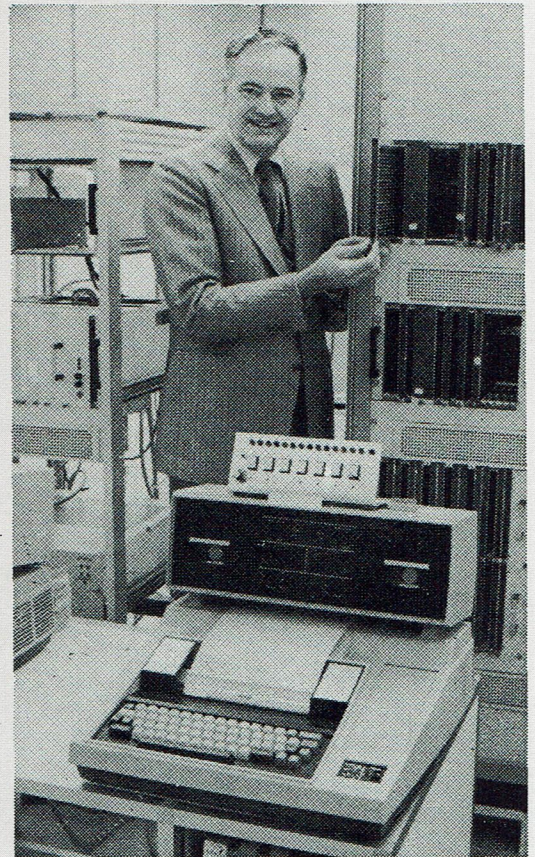
The state of the Danish share market at that time was such that it offered no opportunity for Rovsing to raise capital by going public. The company therefore decided to take a leaf out of Novo's book. This Danish enzyme and pharmaceutical manufacturer has made several spectacular share issues in the UK and American markets in recent years.

So in 1982 Rovsing, in which 90 per cent of the voting shares are owned by a self-owning foundation, made an issue of Kr 7.5m B shares which were placed privately in London and The Netherlands. The shares were priced at 600 per cent and raised Kr 45m.

In May of this year the operation was repeated with even greater success when Kr 12.75m B shares were issued and priced at 900 per cent, which brought Rovsing Kr 107m. This took Rovsing's equity capital to Kr 177m and its equity to assets ratio to about 60 per cent. Next year, Rovsing plans to make a public share issue in Copenhagen and London or New York.

Rovsing now has a labour-force of over 1,000, about half of them graduate engineers, and the number has increased by a third in little over a year.

The management is headed by Christian Rovsing himself and two co-managers, Claus Jepsen and Lars Stig Nielsen. Under them, the company is organised into three basic divisions, data processing, electronics and systems, and each of these is divided into further divisions which have a considerable degree of independence, so much so that from time to



Christian Rovsing: "The skilled workforce has made this firm"

time they have found themselves competing for the same order.

But although Rovsing has recently appointed a marketing co-ordinator to ward off this particular problem, it has not arisen because compartmentalisation is rigid. On the contrary, the firm is still so small that it has retained its flexibility; divisions draw freely on each other's expertise and personnel if this is necessary for the completion of a project.

It would be improper to suggest that this system is chaotic, but it is certainly creative. The enthusiasm of the engineering staff for taking on new challenges is the driving force behind the firm's success. The enthusiasm starts at the top with Rovsing himself, who has a finger in a daunting number of pies. For a while he even managed to find time to be a Conservative county councillor and he is the Danish Broadcasting Corporation's space expert.

Asked how a small Danish firm can come out of the blue to challenge the established giants, Rovsing, universally known among his staff as just Christian, highlights two factors: the high standard of education in Denmark and the advanced stage of computerisation in the public sector.

"It is the skilled workforce which has made this firm," he says, while the early introduction and extensive use of computers in public administration (probably more extensively used in Denmark than in any other country, including Sweden, according to Rovsing) has provided a valuable background for the development of Danish computer expertise.

About 70 per cent of Rovsing's sales are exported and as the company continues to diversify its business into electronics, this share will probably rise. The international element is reflected in the existence of subsidiaries in Norway, the UK and the U.S.

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