

Léo Apotheker

CEO of SAP



There are lots of words I could use to describe French-German businessman, Léo Apotheker, but the one that leapt out at me during our chat was ‘radical’.

As the CEO of SAP, Léo oversaw some pretty radical changes, which led to 18 consecutive quarters of double-digit software revenue growth between 2004 and 2009, helped the firm become the world’s largest business software application company. His tenure at HP was perhaps too radical for a company struggling to reinvigorate itself. And now, as he helps breathe life into the European technology scene, he has some pretty radical ideas too.

We sat down together at the Boardwave Live event, where the movers and shakers of the software world gathered to discuss the future of their industry and how Europe can compete on a more level-playing field with the US. And Léo’s idea for change is about as radical as it gets – unify the fragmented European stock exchanges into a single, pan-European technology stock market similar to Nasdaq.

“Nobody wants to IPO in Europe anymore because we have shallow markets. They’re all too small and therefore the smart investors are not here and hence there is too little expertise on the sell side as well.

“Softbank wants to list Arm again and where do they do that? The US. Why? Better valuation, better coverage, deeper pools of capital.”

He tells me that when he is passionate about something, he is willing to “move mountains”, and one of his great passions is enterprise software.

“I am a huge fan. I love it because it solves real problems, hard ones.” It is, he says, the ‘least appreciated part of technology.’ “It’s hidden but it’s what keeps the lights on, makes the trains run, gets planes off the ground. It is what keeps society ticking. “Some of it is clunky, some of it is ugly, sometimes it doesn’t work and we all complain. But the vast majority of the time it does work, or society would have collapsed.” As a schoolboy, Léo describes himself as a ‘horrible pupil’ and someone who was ‘terrible at following rules.’

His radical nature was very much in evidence when, aged 16, he organised a

strike at his strict all-boys school.

“It was the 1st of April and as an April fools joke, someone had replaced the hammer in our school bell with a mackerel.

“It was freezing cold in Antwerp at that time and the headmaster made us stand outside for an hour and a half,” he goes on.

“He wanted someone to step forward and say that he did it, and he was putting pressure on all the others to say who it was.”

The culprit was pinpointed but the whole process left Léo feeling disgusted. He described it as ‘the straw that broke the camel’s back.’

“Afterwards I gathered a few people together and I said: ‘we can’t take this anymore.’”

His inner circle spread the word and persuaded 1,600 pupils to join the strike, which was campaigning for change for some of the harsher school rules.

Something that has stayed with him throughout his career is the need to get people onside, especially when planning radical change.

“One of the first things I learned was that if you want to influence people, you need friends.”

The strike was a success – although Léo’s Jewish parents were not impressed.

They had lived in Eastern Poland before Léo was born but, when the Nazis invaded, they realised they had to leave – planning an escape to Palestine via Russia and Iran.

“That didn’t happen. As the Nazis invaded Russia, they got pushed more and more

eastward and they ended up on the Chinese boarder...which is quite far away from home.”

After the war, they settled in Germany for a while and their war-time experience impacted how they brought up their son.

“I think my parents always had a very positive outlook on life. They figured that if you’re capable and willing to put the effort in, you can overcome anything. Which they did, obviously.”

In the Apotheker household “underachieving was not an option”, he tells me.

After his rebellious youth, Léo settled down at university in

Jerusalem, studying Economics. Not only did he become, in his own words, “a better student” but also discovered programming.

“I wasn’t a very good programmer. I am still not a good programmer, but it gave me a glance of what software

and technology could actually do.”

After university, he was hired by inter-bank network Swift, where he was put on a fast track to management. His training was with the then-EVP of Swift, a French engineer who became his mentor and tasked him with overseeing a new internal IT system.

“It put me in touch with the software industry, which was then very, very nascent. I fell in love with that industry and decided I wanted to do this for the rest of my life.

“Then I joined SAP, and the rest is history.” At the time of joining SAP, the company was still small, with just around 300 employees, grown to more than 100,000 these days.

““

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Leaders lives

Léo had a reputation as a tough boss, something he acknowledges.

"I was very intolerant of sloppiness but if somebody did high quality work and the results didn't work out such a person would get full support and acknowledgement. Also, I always operated under the principle that everyone gets at least a second chance. "If you want to run a high-performance, high-quality business, you need to have high standards."

His 20 years at SAP were followed by a short tenure at HP – which wasn't regarded as quite the success SAP was. In fact, HP's acquisition of British software firm Autonomy has been described by some as the worst corporate deal in history.

In the spirit of learning from mistakes, I asked him about it. And he faced the question head on.

"When I joined, HP was the most rundown company in the Valley. I wanted to save the company and turn it into a growth opportunity and add some new

cutting-edge technology." Again, he turned radical. And Autonomy, a British software firm that was capable of structuring and interpreting unstructured data for voice, images and video, seemed to fit the bill. He saw the acquisition as a chance to form the foundation of HP's future strategy in the AI space. But Autonomy's



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co-founder, Mike Lynch, is now facing charges of fraud over HP's £11bn acquisition. "The lesson I learned is that no matter how much due diligence you do, the one thing you cannot discover is fraud," says Léo. "We had 600 people doing due diligence and we never discovered this. So as far as Autonomy goes, I'm still very much behind the strategy, the price obviously was not justified."

He says that he only took the job at HP because it presented a chance to 'change course radically', but he learned that there comes a point in a company's history when even the most radical of change is not enough.

What piece of technology, other than your phone, would you not be without?

This might sound very old-fashioned but my PC, which I think will be with us for quite some time. I think it will turn into an AI machine.

What are your top three tips for business success?

- Hire the best people
- Walk the talk
- Focus on the essentials, and don't waste your time on a whole bunch of details

Tell me something surprising about you?

Despite my reputation I'm told that I'm actually a nice guy. I'm a family man and an absolutely doting grandfather.



"At a given point, you cannot change a company anymore. HP was a mismanaged company for years and it was the fading star of the industry and that is really sad because HP was this revolutionary company in the 60s – it was Apple before Apple."

As a veteran of the software industry, who has witnessed both success and failure, I asked him what the best advice he ever received was.

"I actually got two pieces of great advice in my career. The first was to hire people who are much better than you.

Hire people who can replace you immediately. And the second thing was, if you do something, do a few things but do them really, really well." CEOs need to "walk the talk", he tells me.

"If they want to be really successful then they should be the incarnation of the company. The values, the product, the value proposition."

Léo has just turned 70, but shows no signs of slowing down, still putting in 50+ hours a week in his various roles, which include serving on two public boards, as well as being recently appointed to Boardwave's board.

As a board member, he will be a powerful addition to what is a growing network, providing knowledge, experience and mentoring as an integral part of Boardwave's mission to turn Europe into a software superpower.

Looking back on his time



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in the industry he described it as "extremely gratifying". "I had the unbelievable good fortune to not only help build a great company but also to be an actor and a witness in the early days of the software industry,

as well as the shaping of how it is today.

"And that is an immense privilege."