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COUNTING THE COST: Lachie McLeod

## McLeod calls full time on a hellish chapter

Chris Hutching

The vibrantly green farming country in south Canterbury around Timaru is one of the partial legacies of South Canterbury Finance's founder, the late Allan Hubbard.

So was the tortuous 2014 mid-winter three-month trial of three senior executives of the collapsed finance

company. Only one of them was convicted and received a community service sentence.

Chief executive Lachie McLeod was one of those acquitted.

In an exclusive interview this week he counts the cost – the emotional turmoil as well as the dollars.

FULL STORY P5

## Margin Call: The good oil on stock prices

Nevil Gibson

Global sharemarkets, with New Zealand caught in the tailwinds, continue to defy rational explanations as they bob up and down daily.

The usual suspects are the transition in the Chinese economy leading to reduced appetite for commodities; doubts about the US economic recovery; worries about the world banking system and emerging markets debt. But they don't explain the high degree of volatility.

FULL STORY P32

## Public square stoush to end up in court



CBD HOT SPOT: Queen Elizabeth Square

Sally Lindsay

The fate of Auckland's downtown Queen Elizabeth Square is far from decided.

Although Precinct Properties is sitting on a conditional agreement to buy the Auckland Council-owned square for \$27.2 million and has been granted a private plan change rezoning

the land from public to commercial space, it will have to fight off Environment Court challenges.

The Auckland Architecture Association has filed an appeal against the plan change and Auckland Transport has also thrown a spanner in the works.

FULL STORY P3

## Fonterra gears down

Jason Walls

Fonterra has set its sights on lowering its debt levels, with a bond offering this week revealing the cooperative is forecasting a lower gearing ratio for the 2016 financial year.

In a presentation to investors, the dairy giant says its year-end gearing ratio (net debt-to-debt plus equity), will be in the 40-45% range, down on last year's figure of close to 50%.

Meanwhile, Harbour Asset Management fixed income portfolio manager Mark Brown says it is interesting that Fonterra is trying to issue bonds in an environment where global credit markets aren't in good shape.

FULL STORY P7

## Stihl boss rubbishes NZ climate change stance

Nick Grant

Given he heads a global company with turnover of €3.2 billion, Nikolas Stihl has a surprisingly strong interest in New Zealand.

That's because, on a per capita basis, Stihl sells more chainsaws to Kiwis than any other nationality.

It turns out Dr Stihl has a view on this country's policy response to climate change as well and, given the problematic part agriculture plays,



STRONG VIEWS: Dr Nikolas Stihl

an apt description for it. It's simply "bullshit," he says.

FULL STORY P8

## Good cost management in results

Calida Smylie

The halfway mark in the biggest quarterly reporting season of the year has been reached, with about 40 companies releasing results.

Nikko Asset Management James

Lindsay says so far the season has either met or exceeded expectations.

"Revenues have generally been flat but good cost management has meant okay results."

FULL STORY P6



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# Solity: 'Innovation is doing something crazy'

Ian Apperley

Wellington firm Solity is making business continuity and crisis management sexy by breaking the tired, old rules that have made the discipline boring.

Long the domain of large accounting companies and offshore consulting megacorps, business continuity is not only boring but it's also expensive. Not anymore.

Solity, founded by Israel Reyes in 2012, has adopted the new business model of being 100% cloud-based and owning zero assets. Think of it as the Uber of business continuity. It allows the company to produce quickly, turn rapidly, and has few of the overheads traditional companies do.

Solity is beginning to partner both local and international ICT firms. It has high-profile customers including Maritime NZ, which uses the software for crisis response. Solity must be 100% available and reliable for clients who deal with large-scale disasters. Other Solity customers include big energy and finance firms.

The product replaces paper crisis management and business continuity plans with a smartphone application. Responders to a crisis have a step-by-step plan that they execute from their phone. In real time, those actions are reported back up the chain of command so incident controllers can see what is happening automatically. In turn, commands can be pushed back down the string to the front-



**ISRAEL REYES:** Doesn't want to be a cog in the machine

line responders. Images are captured, tasks ticked off, notes gathered, and incident command has a real view of what is happening in the field.

The cloud platform and the IP are a closely guarded secret. Solity stretches the service across New Zealand and the rest of the world. Even if customers are cut off from internet connections, they can still operate. Even if the cellular networks go down, responders can still activate and manage from their smartphones in isolation. Once the connectivity is restored, the product synchronises its data.

The product is not just for crisis and business continuity management. It can also be used in the world of ICT to manage complex systems. Events can be captured

by a service desk and then pushed out to engineers and responders for resolution, with real-time information flowing back to incident managers.

Solity has politely turned down requests from large companies wanting to buy it out. Mr Reyes says he doesn't wish to be a cog in the machine – he wants to be the machine. "Innovation is doing something crazy!" he says.

"It is important to observe and unfold existing problems and fantasise what will be the possible set of solutions. Never be afraid of a problem. Embrace the problem and you will find the solution. Once you accomplish that, then you have created a new marketplace."

Solity's national sales manager Amanda Scott has had a long career in product management and sales. She's worked for some of New Zealand's largest global pro-



**AMANDA SCOTT:** 'You can't let the acronyms freak you out'

ducers. Why did she join?.

"I was inspired by the product. I thought this is a future forward product. Its value made sense to me. It was tangible, cloud-based, mobile, solutions focused, and relatable. At my interviews Mr Reyes was charismatic and an evangelist – I couldn't be anything but inspired to work at Solity. I knew it would be exciting and the work variable across standard business functions, versus working for a large corporate. I fancied being at the beginning and being instrumental in its success."

A successful, crazy business that breaks the rules taught by the "big six" and older economic paradigms, Solity is a case study in a successful start-up.

Mr Reyes has a classic poor boy makes good story – with a twist of ending up in Wellington and taking a financial gamble

on creating a start-up.

"Growing up in Mexico was fun and difficult. Mexico has a lot of challenges and I came from a very humble family. I was the first one of my generation to have access to a high school, then later I had the fortune to get educated in a US university, where I studied applied mathematics and did a minor in computer sciences.

"I have always been fascinated about applying mathematical models to real life problems.

"My first work after university was configuring Cisco routers for a financial institution, using x.25 protocol which I found

## Solity stats

- Since startup phase, Solity has grown 75%.
- For the average organisation, mid-size, the cost of Solity's software as a service per user is estimated at \$6 a month. This cost can vary.
- There are several thousand devices live now across multiple customers, with another 10,000 users in the pipeline for the near future.

extremely boring. This led me to my first software creation. I created a statistical model based on time series data, collecting traffic patterns on the routers and I was able to forecast probability of failure so I could optimise configuration in time zones. I was excited. It was my first real application of mathematics to a problem."

Wellington is a city at the end of the world, yet Mr Reyes and Ms Scott see Solity going global from there. The tech industry in Wellington is thriving, it has seen some of the largest business success stories in recent years and is now challenging milk, butter, and tourism as an export industry.

What do Mr Reyes and Ms Scott say makes a successful startup?

Ms Scott, who is not from a traditional ICT background, says, "You can't let the acronyms freak you out. This is a very interesting industry and there are so many talented people to learn from."

Mr Reyes: "You need the right people, the right team ... I feel blessed and have been super lucky to have a great group of people with a diversity of skills, backgrounds, expertise and strengths, and they have empathy and solidarity with our business. Without my team, it will not be possible for us to exist."

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**It is important to observe and unfold existing problems and fantasise what will be the possible set of solutions. Never be afraid of a problem. Embrace the problem and you will find the solution. Once you accomplish that, then you have created a new marketplace**

– Israel Reyes

dominates the look of the Surface Book feels amazingly solid with the screen attached. You wouldn't think so with it being a detachable unit but it is. One downside to the design: Because most of the internal hardware is in the screen section, it's a bit top-heavy, which means you may have to change your old laptop wielding habits lest you drop the thing or

accidentally chuck it across the room. You can't open it with one hand either, which is another minor bugbear and at just over 1.5kg, it's no lightweight. Still, Toybox won't let such quibbles get in the way of our enjoyment of the Surface Book.

The 3000x2000 pixel display is a stunner, it's well kitted out when it comes to connection options and the overall feel of the Surface Book is one of a premium device that's equal to anything to arrive out of an Apple factory. It comes with a premium price tag, too.

The Toybox review unit was the full noise \$4899 model which, although faster than the lesser models, looks otherwise identical. Even the cheapest model will set you back \$2749 but the Surface Book is not your average laptop.

– Scott Bartley



"Cloud services tend to be more secure, since providers know better than their customers how to protect their computing systems against hackers."

October 17, 2015  
The Economist

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