

Interview

The New NCR

An Interview with William Nuti,
Chairman and Chief Executive Officer, NCR Corporation



William Nuti

EDITORS' NOTE Before joining NCR in 2005, Bill Nuti served as President and CEO of Symbol Technologies. Nuti joined Symbol following more than 10 years at Cisco Systems where he held positions of increasing responsibility, advancing to the dual role of Senior Vice President of the company's Worldwide Service Provider Operations and Senior Vice President of U.S. Theater Operations. Prior to this, Nuti served as President of Europe, Middle East and Africa (EMEA). Before that, Nuti was Senior Vice President of the Asia-Pacific region. Nuti is a member of Sprint Nextel's Board of Directors. He has a bachelor's degree in finance and economics from Long Island University.

COMPANY BRIEF Headquartered in Duluth, Georgia with 22,400 employees, NCR Corporation (www.ncr.com) is a global technology company leading how the world connects, interacts, and transacts with business. NCR's self-service solutions and comprehensive support services address the needs of retail, financial, travel, health care, hospitality, entertainment, gaming, and public sector organizations in more than 100 countries.

What impact did the economic slowdown have on NCR?

We actually had a terrific 2008 – it was a record year for the company. We began to see signs of the downturn in Q4 of 2008 but it really hit in Q1 2009. The two years prior to 2009, we grew at about 8 percent per year, which is good growth for NCR given that we grew at less than

1 percent on a compound annual growth basis from 1995 to 2005.

We significantly invested in the company in 2009. We built two new manufacturing plants in Manaus, Brazil and Columbus, Georgia, which started producing product for us in 2009. We also announced the move of our headquarters from Dayton, Ohio, where the company had been for 125 years, to Georgia. We invested in entertainment, a new vertical market for NCR, as well as putting a lot of money into leadership development training, customer satisfaction programs, and new IT tools to drive employee productivity. Overall, we invested well over \$100 million into the company in 2009, which paid dividends for us in 2010 and will pay dividends in the forthcoming years.

The strength of the brand was valuable to us throughout that period. We also have a very strong balance sheet and a long legacy; we're a well-respected brand in our core markets. There is no question that the NCR brand has been, and continues to be, a helpful component of our success. NCR stands for quality, great service, longevity, and ongoing innovation.

How did you guide NCR through its re-invention and engage the employees in the process?

In the years prior to my coming on board, NCR was in financial distress. There was cost cutting in general and administrative functions so the company could generate improved results that could enable the company to get back on its feet.

When I assumed this role, it was clear that the board and I needed to build a growth strategy for NCR. One of the first things we did is set out to break the company into two different pieces, because we had essentially two different companies inside NCR: Teradata, a large software-based company that markets and sells enterprise data warehouse solutions; and the rest of NCR, which was focused on self-service solutions in the financial and retail environment.

It was a huge undertaking to spin out a company that today has close to an \$8-billion market cap. It's also not natural to want to run a smaller company. But while I loved the security of Teradata, ultimately, keeping it was not the right decision for the business.

So we set out to build a vision of the new NCR around the notion of converged-channel self-service solutions. We instituted subsequent changes that were fairly dramatic.

When you look at that long term, where is the growth going to come from?

Growth will happen four ways for us: one, we will continue to gain market share in the traditional industries NCR has enjoyed success in for the long term, which is financial services and retail.

Two, NCR will enter market adjacencies to these traditional businesses. For example, in financial services, NCR will move into branch automation technologies or in the retail space, NCR will continue to move into alternative self-service technologies as well as hospitality.

Three, NCR will enter underpenetrated geographic markets, as well as leveraging the channel going down market more successfully. A good example of that would be our investment in Brazil – an underpenetrated and emerging market where NCR was a small player and is now becoming a larger player. In the channel, NCR has a tremendous opportunity in retail, growing beyond traditional tier one retail, allowing our solutions to be used by small and mid-sized retailers.

The fourth way we will grow is through entering new industries where self-service as a technology segment is growing. Travel is a good example. Five years ago, you stood in line to get your ticket; today, you get your ticket online and you check-in at our kiosk at the airport. It's a self-service adoption curve that is very rapid.

What happened in entertainment to Blockbuster or Hollywood Video is very similar – the complete disintermediation of brick-and-mortar with the Red Box and NCR Blockbuster Express kiosks now garnering 30 to 40 percent share of all rentals in two to three years. Again, this was a very quick market adoption of a self-service model.

Health care will be the same for us and you will see other markets continue to move in that way.

So the advent of the digital native and the ever-increasing desire of businesses to improve productivity are the two factors that will drive our growth in those four dimensions.

What is NCR's approach to corporate social responsibility?

Corporate social responsibility here is very meaningful, not just from a sustainability point of view where we spend a lot of time to ensure that we're focused on environmental sustainability; we also build environmentally sustainable products.

We also have an NCR foundation that makes decisions about where we will invest our dollars for charitable giving, based on those things that are most meaningful to the employee population inside of our company. Our mantra is "help people help themselves," thus the alignment with self-service. ●