

# Selling ideas good business for Orion Health

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IAN MCCRAE: Rapid revenue growth has allowed Orion Health's founder to keep it in private hands for 20 years.

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Ian McCrae is to Orion Health what Steve Jobs was to Apple. As founder, majority owner and chief executive, it's difficult to separate the man from the company.

McCrae's Auckland-based software business specialises in healthcare IT, with 500 staff implementing programmes in more than 20 countries around the world. It is a finalist for best business in the over \$50 million revenue category in this year's New Zealand International Business Awards.

On the back of consistent revenue growth - 15 per cent in "a bad year" - McCrae has kept his company in private hands for 20 years, with the help of just a few investors including Pioneer, Canadian investor Geoff Cumming and venture capitalist Andrew Clements.

"We were able to do that more readily than, say, a manufacturing organisation could," says McCrae.

There are no factories to run or materials to buy, and the advantages go beyond the financial: "Your carbon footprint is negligible. You don't pollute streams. We use very little land. It's great!"

McCrae cheerfully admits his bias, but he may have a point. Orion Health is in the business of selling ideas - and business is booming.

He won't comment on persistent speculation of a share market listing that would provide capital for faster growth, but is sticking by his stated aim of listing turnover from the current \$100m a year to the ambitious goal of \$1 billion by 2018.

The global healthcare software market is worth somewhere north of US\$30 billion (\$37 billion) a year, so there's plenty of room for Orion to take a bigger slice than it currently does.

Says McCrae: "The trick is how can quickly you get those ideas into products in an elegant way, and then ship them to customers."

Elegance is a recurring theme - the word crops up five times within an hour's interview. But making well-designed products is not only where McCrae gets his personal satisfaction, it's also the company's *raison d'être*.

Around 20 per cent of revenue will be pushed back into research and development this year- innovation and agility are strived for "at all times".

In part, remaining at the cutting-edge also comes from getting nice and cosy with customers, because that's where the ideas are generated.

And it doesn't get much closer than sharing the same building - something that 30 Orion staff are now doing with the Canterbury District Health Board. McCrae explains that the company wants to mimic the intimacy that start-up companies typically have with their customers.

When the conversation swings back towards developing IP, McCrae has some opinions to share on the future of the New Zealand economy.

"This idea that we can be a successful country based on tourism is just a nonsense," he says.

As for primary produce - if Orion hits the billion dollar goal, it will be exporting more than the entire kiwifruit industry.

"Don't get me wrong, they're good sectors," McCrae says. "But where we're really going to get the lift in GDP ... is not by getting more tourists into the country."

He's quick to praise a number of hi-tech companies - including other finalists Tait Radio Communications and Rakon - as examples of wealth creators.

"If you had another half dozen companies like that, it would create a huge number of engineering jobs, great high-value exports."

And if the international business awards are anything to go by, he might be onto something. The majority of finalists are science and technology driven, with a good handful of companies that, like Orion, export pure IP. Milk and butter exporters still make an appearance, though.

The big problem, McCrae reckons, is that we're living in a world where manufacturing goes to the cheapest country of the day. So what's the solution?

Here comes his favourite word again:

"Lots of IP. Lots of design. Lots of elegance."

### Orion Health by the numbers:

- 500 staff
- 15 offices across nine countries
- 94 per cent of revenue earned offshore
- 134 per cent climb in operating revenue over five years
- \$100 million of revenue this year
- \$1 billion revenue goal by 2018

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