

Nova's star is rising

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Nova Systems chief executive Jim McDowell is upbeat about the company's strategy.
Picture: Mike Burton



Jim McDowell.

Defence giant's \$1bn bid

NOVA Systems is aiming for \$1bn in annual revenue and with defence spending robust and a shift in the business strategy to more of a product focus, new chief executive Jim McDowell is confident they can hit the target.

The former boss of BAE Systems Australia, who developed that company into the nation's largest defence firm, was most recently chief executive of the Department of Premier and Cabinet before being convinced by Nova cofounder Jim Whalley to return to an industry he knows well.

Nova is a diverse business, with several divisions working globally across defence but also resources, transport, water and emergency services.

It employs more than 700 people.

Mr McDowell says Nova sees itself as a technology company that sells consulting services and which has a “small but growing product business”.

He said the company’s product focus was on the geospatial sector, which it had identified as a fast-growing area.

While Nova had experienced excellent growth of 30 per cent year on year at one stage, a diversification into the product space meant it could, in part, escape the natural constraints of a consulting business that depended on the number of staff that could be employed in what was a very tight labour market.

Mr McDowell said the company would continue to grow because defence was spending more money and was likely to do so with trusted long-term suppliers such as Nova. But a move into selling products such as software licences and hardware products was an area which it believed it could scale up.

“We’ve got two geospatial businesses – one called two10degrees and one called Geoplex. We will be increasing our investment in those sort of technology products,” he said.

The focus would be on businesses that had good growth potential and “where we can have a technological edge”.

“You don’t need to be a Boeing or a BAE to do this. It’s really ICT-enabled in the geospatial area,” Mr McDowell said. “And the biggest consumers of geospatial data and information are governments. So, that’s a market that’s natural for us.”

On the defence front, Nova specialises in testing and evaluation, and Mr McDowell said the Federal Government had made it a strategic priority that this capability be maintained onshore.

He said that as well as his high regard for Mr Whalley, the opportunity to be part of sustaining and growing that industry in Australia was what drew him back into defence.

“That opportunity is sitting there right now and we’ll have to try and get policy turned into practice ” he said.

The government’s Defence Industrial Capability Plan has identified 10 Sovereign Industrial Capability Priorities, including testing and evaluation.

It aims “to provide the Australian Defence Force with costeffective, cutting-edge capability while also maximising Australian industry involvement”.

"In practice, this means ensuring there is a pipeline of defence work which will sustain large businesses and allow them to maintain and grow their workforces over extended periods of time, rather than having them flex their workforces up and down as they win or lose contracts," Mr McDowell said.

"Our policy is, we have a series of capabilities which we think should be sovereign, and by that I mean Australianowned and operated.

"In order to do that we are going to create an industrial capability in these areas of endeavour.

"We've got to turn these policies into practice and say, 'we are going to create a number of enterprises, of scale, who will be our champions in those fields of endeavour'.

"And in that way we believe we'll get the most out of the labour market."

Mr McDowell said the new role, and the opportunity to play in part in framing the country's capability in defence, was exciting.

His five-year target for Nova was to grow it to "about a billion dollars" of annual revenue, up from about \$250m this financial year.

Nova was founded in Adelaide in 2000 by Mr Whalley, a former test pilot and the state's former chief entrepreneur, and Peter Nikoloff.