

Stealth success ; Southboro's Geac Computer makes money -- but not headlines

Jim Bodor

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SOUTHBORO

SOUTHBORO - Geac Computer Corp. may be the most obscure publicly traded company of its size in Massachusetts.

With more than \$440 million in annual sales, the software maker's revenue is on par with such better-known companies as drug-maker Sepracor Inc. of Marlboro and retailer J. Jill Group of Quincy.

But most people have never heard of Geac, even though the business is more than 30 years old and has more than 18,000 customers.

Even the company's offices are nondescript, housed on the second floor of a plain brick building on Route 9 with no exterior sign to indicate what's inside.

"We're the Howard Hughes of the software industry," said Geac Chief Executive Officer Charles S. Jones. "We're unknown and unseen, but we make a lot of money."

Part of Geac's anonymity stems from an unusual corporate structure. Geac is a registered business in Markham, Ontario, where it was founded, but it employs fewer than 100 of its 2,200 employees there. The company's Southboro offices are home to its CEO and considered its world headquarters, but again, fewer than 100 work here for Geac, as well.

The company has grown through a series of small and mid-sized acquisitions over 15 years, gaining employees and products here, there and everywhere. Those employees remain spread across the globe like a "string of pearls," according to Mr. Jones.

The company has 15 business divisions in the United States, nine in Asia, four in Australia and 17 in Europe.

Founded in 1971, the company was a reseller of computer products. By the late 1980s, that strategy proved "unsuccessful at every turn," according to Mr. Jones, and the company began acquiring companies that made business-planning software.

Today, Geac sells software used by companies to monitor and forecast budgets, and more specialized software used by libraries, restaurant chains and real estate agents, among others. Geac recently won, for instance, a \$1.6 million contract to provide software that handles everything from clothing design to point-of-sale purchases for Animal, a UK-based maker of athletic wear.

The company's most important markets are the financial services industry and government, Mr. Jones said. Infraero, the government-owned company that operates Brazil's 66 largest airports, for instance, is a customer. El Paso Electric Co. and outsourcing business Korn/Ferry International also use Geac software. The Australian Office of Finance and Administration and the Revenue Service in England are Geac customers, as well.

The company's profitability has accelerated of late. In the year ended April 30, Geac's net income was \$77 million, or 87 cents per share, up from \$57.2 million, or 66 cents per share, the year before. Revenue was \$444.4 million, down 0.9 percent from a year ago.

The business increased its cash reserves to \$188.2 million during the fiscal year, up from \$112.6 million the year before, while its debt fell from \$232.5 million in 2004 to \$209.4 million as of April 30.

That improved financial picture has been a goal of Mr. Jones, who comes from a venture capital and finance background.

He is the founder of First Funding Corp. of Stamford, Conn., and before joining Geac as a board member in 1997, was managing director of Shandwick plc, guiding the company through 17 acquisitions to turn it into a global public relations company.

"Four-and-a-half years ago, we started this turnaround to make the company profitable," he said. "Rather than just making acquisitions, we became customer-focused. We focused on giving our customers what they want."

RSA Security Inc., a publicly traded online security company in Bedford, has used Geac software for budget planning for six years, said David J. Stack, director of financial planning and analysis for RSA.

RSA chose the software because of its cost, its Microsoft Corp.-based platform and, most important, the features Geac has integrated into the product, he said.

RSA sells its products into countries that use more than 30 different currencies, he said. Geac's software converts those currencies into U.S. dollars and can make projections of sales adjusted for different currencies, he said.

By monitoring and forecasting sales, the business can make decisions about the need for engineering or sales staff - or how much to spend on marketing.

"It allows us to make quick tactical decisions," Mr. Stack said.

Geac has its share of competition, Mr. Jones acknowledged. Oracle Corp. and Microsoft, two titans of the software industry, for instance, offer similar products. Nearby Applix Inc. of Westboro also sells software that does similar financial-planning work.

But Mr. Jones believes Geac has found a profitable segment of the market that it can mine for years.

"We will never be as large as a company like Oracle," he said. "But we have undoubtedly created a very profitable company and we hope that will continue."

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Geac Computer Corp.

120 Turnpike Road, Southboro

Chief Executive Officer: Charles S. Jones

Founded: 1971

Employees: 2,200

Annual sales: \$440 million

Product: Budget forecasting software

Stock symbol: GEAC, traded on the Nasdaq Stock Market